PREFACE

The Report which follows was prepared by members of the Economics Department of Exeter University under the auspices of the Secretary of State for Economic Affairs between December 1966 and March 1969.

The terms of reference were:

A. To analyse the economic effects of expenditure by holiday-makers in Devon and Cornwall, including in particular:-

(1) the extent and nature of the expenditure;

(2) the incomes generated by this expenditure and the extent to which incomes in Devon and Cornwall depend (directly or indirectly) upon this expenditure;

(3) the type of industry which has grown up in direct response to this demand and its labour and capital requirements;

(4) the impact of the holiday expenditure on other industries and services. In this context particular attention will be given to the transport sector and other public services. The labour and capital requirements of these industries and services (in the context of the holiday industry) will also be examined.

B. To estimate future holiday expenditure in Devon and Cornwall and the resulting economic effects.

Previous studies in this field, with rather few exceptions have tended to concentrate upon the characteristics of holiday-makers, rather than of those who labour to serve them. For this reason, it was not clear when the study began how far it would be possible, with the resources available and the information which could be obtained to cover the whole field. In the event, we have not been able to make new estimates of holiday expenditure, except for a few items, and estimates of incomes generated have been made on a somewhat theoretical basis. Most of the report is, therefore, concerned with the type of industry which has grown up and the impact of holiday-makers upon the economy and society of Devon and Cornwall.

In preparing the Report a field study was made by the team, assisted by a number of experienced interviewers, into the operation of accommodation units of all sorts. This is referred to below as the/our Accommodation Survey. Information was also sought by questionnaire of all Local Authorities in the area. In addition, the team visited a large number of local authorities, hoteliers, information officers and others connected with various aspects of the Holiday Industry. Although this was necessarily done on a rather specific basis, a great deal of useful information was obtained in this way. The team are well aware that most of those upon whose time and energy they trespassed, are busy people. They are most grateful for the courteous and helpful way in which their inquisition was received. They are also very grateful to the interviewers who carried the main burden of the Accommodation Survey.

Two major problems have been met throughout the present research and have been such as to limit the field which it was possible to cover and the depth in which it was possible to explore. The first of these is the difficulty of defining the Holiday Industry. This is not an industry in the normal sense of the word, for holidays are not a homogeneous product or service provided by a given set of people, as are for example, "agricultural products" or "hairdressing". The goods and services bought by holiday-makers cover almost the whole range of consumers' expenditure and, in most cases, those who supply them are also supplying similar things to local inhabitants who are not on holiday. Nor must it be forgotten that Devonians and Cornishmen often make use of what might be thought of as holiday products although they are not on holiday in the British Travel Association's definition of the word, that is, more than four days away from home, other than for business or education. Furthermore, as far as the two counties are concerned, holidays are not entirely an export industry, for, with so fine a holiday area on their doorstep, residents of Devon and Cornwall often take their own holidays within the area.

The second problem is that, mentioned above, of the difficulty of obtaining expenditure estimates. Reliable estimates of personal expenditure can only be made by persuading rather large numbers of people to keep budget books in which they record details of their expenditure at the time at which it is made. Not only was such a survey beyond the resources of the present study, but it seems unlikely that a representative sample of holiday-makers could be found who would be willing and able to do this while on holiday. A similar problem of collecting information concerns those parts of the holiday industry which provide other services than accommodation. They are very numerous, cover a broad field of different activities and usually serve both holiday-makers and local residents, without being able to distinguish which they are serving at any given time. Again, no attempt has been made to survey these directly.

Holiday-makers and holiday-making have been the subject of a number of studies both in the past and concurrently with the present one. A list of those most relevant to this Report are in Appendix 9. We have leaned heavily on a number of them for information, in particular the surveys by the Devon and Cornwall County Councils and that by Messrs. Miles-Kelcey commissioned by the British Travel Association. We are most grateful for permission to use their figures and accept all responsibility for any misuse to which we have put them. An earlier study by ourselves on the transport of holiday-makers is summarised here in Chapter 10.

Finally, it must be stressed that this Report concerns the Holiday Industry and not its customers, the Holiday-makers. Most previous studies have been more concerned with the latter, but our resources and terms of reference did not allow us to investigate these directly. Because of this we have tended to avoid subjects where the decisions made by holiday-makers are of paramount importance. Amongst these are forecasting numbers, methods of promotion and the types of facility, other than accommodation, which holiday-makers might use were they available. We admit to a profound ignorance of the motives that lead holiday-makers to take their holidays in Devon and Cornwall and to spend money in the ways they do. This means we cannot suggest methods of trying to increase their numbers or to persuade them to behave in other ways than they do.

During the preparation of this report we have received a great deal of help from many sources. We should particularly like to thank Mr. A.W.J. Scoble and his colleagues at Bristol who not only formed the Steering Committee for the Study, but gave a great deal of time in considering drafts and obtaining other information. We are also most grateful to our two secretaries, Mrs. S. Spence and Mrs. J. Shearman on whom fell so much of the labour that is necessarily involved in the production of a typescript from drafts of tripartite authorship.

CHAPTER ONE

INTRODUCTION

1 Devon and Cornwall have been favourite areas for holiday-making, probably for over 200 years, but the present shape of the holiday industry in these counties has been mainly the result of two influences. First, the building of railway lines set the pattern for principal urban resorts in the area and, second, the motor car both increased the numbers who visited these resorts, and allowed the industry to spread along the coastline between those points served by rail links.

PREVIOUS STUDIES

2 No counts of holiday-makers were made before the last War, nor is there much other information about the industry before this time. However, the arrival of planning legislation in 1948 led to an interest in the effect of holiday-making upon the coastline and in 1954 Cornwall County Council made a survey to obtain information on which to base planning decisions. In 1960 Devon County Council also carried out a number of surveys covering different aspects of holiday-making and since then an annual survey on a smaller basis has been continued so that a reasonable run of figures is available from this date for Devon. Cornish records have recently been put on a two yearly basis, but, apart from a major survey in 1966, are mainly confined to information on camping and caravanning. In 1966 the British Travel Association identified Devon and Cornwall as a separate area in their annual studies and in 1967 Messrs. Miles-Kelcey were commissioned by them to make estimates of the amounts of accommodation, its occupancy and the recreations and amusements in which holiday-makers engaged, in the south western counties, Cornwall, Devon, Somerset and Dorset (including County Boroughs therein and the Isles of Scilly). While these studies have all been of value in preparing the present report, they were, in themselves, designed for different reasons. Apart from the Cornwall County Council report of 1966, none of them mentions economic effects other than incidentally.

3 The picture suggested by these surveys is that during the 1950's numbers visiting the two counties rose fairly rapidly and probably doubled over the decade.

4 During the 1960's figures seem to have varied in a way which reflects partly the sampling procedures used by the various studies and partly other influences such as economic effects, for instance the change of the foreign travel allowance, the weather and so on, and no trend has been clearly visible in the total number of visitors. However, this period has been one of considerable consolidation and change within the industry itself as opposed to the number of its customers. Over these years some four and a half million people visited the area each year and about four-fifths of them came by car. They stayed, for the most part, near the sea; about 54% in hotels, licensed or unlicensed, boarding houses and so on; 30% in flats, caravans, chalets or camping, and 16% in private houses, a definition which appears to include both those of staying with relatives or friends and those living as paying guests in what is essentially residential accommodation.

5 The proportion using non-traditional forms of accommodation has risen rapidly. Evidence of the effect of this on other forms of accommodation is conflicting.

Table 1 PERCENTAGES OF HOLIDAY-MAKERS USING NON-TRADITIONAL ACCOMMODATION (CHALETS, CARAVANS, TENTS)

			%
Cornwall	-	1954	13.4
Devon	-	1960	29.7
Cornwall	-	1964	32.3
Devon	-	1967	39.3

(Based on relevant County Reports)

Few local authorities, when asked in our questionnaire to them, reported that many hotels had closed and only two holiday areas said that the number of bed and breakfast establishments was decreasing. Moreover, in our Accommodation Survey, a large number, particularly of the smaller establishments, claimed to have opened during the last five years, while many local authorities, especially in rural areas, reported that the number of bed and breakfast places was rising. It may be that hotels and, more particularly, bed and breakfast establishments have been suffering lower occupancy rates, but that their number has not been diminishing. Our feeling is that marginal establishments have probably suffered from competition from non-traditional accommodation and that some may have stopped offering bed and breakfast, but that there is more buoyancy in the demand for traditional accommodation than is sometimes thought.

6 Two other forms of change must be considered. First, the high percentage of visitors coming by car to the two counties of around 80% was probably reached in about 1960, but the number of cars has continued to increase because average car occupancy has fallen.

7 Second, it has been suggested that holidays based on specific activities have increased. Certainly the number of dinghies being towed on holiday has grown, but there seems little other evidence that holiday activity patterns are changing. The Miles-Kelcey recreation study[1] certainly confirmed that the predominant activities were using beaches, touring in cars and hiking, the last possibly not of a very energetic nature.

---

1 A Study of Tourist and Holiday Facilities in South-West England
B.T.A. (Miles-Kelcey Ltd.,) January, 1969.

8 The large number of visitors coming each year has spent about £80 million to £100 million in the area. This has naturally stimulated activity in a large number of enterprises, particularly those providing accommodation, but also those providing amusements and recreation, and those which indirectly serve the holiday-maker, such as wholesaling and construction. It will be shown later that probably something over 10% of the economy of the two counties is now based upon spending by holiday-makers. This is a very considerable percentage when one realises that within the area there is also a large agricultural industry, a substantial amount of extractive industry and a number of inland towns, such as Exeter, Plymouth, Camborne and Redruth which not only act as market centres but also have a significant amount of manufacturing industry.

9 Unfortunately no accurate figures exist which classify holiday-makers' expenditure according to the type of goods or services bought. The chief reason for this is that people on holiday do not like keeping the sort of budgetary accounts upon which such information is necessarily based. Estimates of total expenditure per holiday-maker are made annually by the British Travel Association, but only expenditure on transport is obtained as a separate item. The B.T.A. information is collected in November and undoubtedly suffers from inaccuracies from memory defects, but it seems sufficiently reliable to give rough orders of magnitude on totals. A number of minor studies, including one by Devon C.C. in 1960, suggest that about two-thirds of total expenditure is on accommodation, or accommodation and food in the case of those catering for themselves.

10 The heterogeneity of holiday expenditure and the lack of precise information on it is one reason why it is not possible to define the holiday industry in the manner used in the Standard Industrial Classification, namely as a set of firms classified according to their main products. Another reason is that almost any product or service purchased by holiday-makers will almost certainly be bought by the resident population as well.

11 These difficulties of definition need not be further discussed here, but will be raised again, particularly in Chapters 2 and 4. In each of these it has been necessary to provide a rather arbitrary classification of standard industries as forming the "holiday industry" and no definition comparable with those used in the Standard Industrial Classification has been attempted. It is, however, fairly clear that only a small number of S.I.C. categories is significantly affected by holiday expenditure.

12 While this expenditure has had beneficial effects in offering employment and generating incomes within the area, it has also brought certain problems in its train. These arise from two main features of the pattern of holiday-making; first, the concentration of expenditure and visitors within the summer months and, second, the concentration of visitors and particularly their accommodation on the coastline in general and especially on certain parts of it. The time pattern of holiday-making is discussed below. The effects of concentration into different areas of Devon and Cornwall and the problems which this creates are discussed in the following Chapter.

13 The seasonal pattern of holiday-making is well-known and has been discussed at some length[1]. It can, therefore, be dealt with summarily here. The seasonal pattern has four main facets:-

Pattern over the year of numbers present
Sorts of holiday-makers present
Day of the week variations
Changes over the year in accommodation used.

Pattern over the year of numbers present

14 A very high proportion of visitors come between April and October with a particular concentration in July and August. The extent of this can be gauged from Table 2.

Table 2 PERCENTAGE STARTING HOLIDAYS IN DEVON AND CORNWALL BY MONTH

January - March	1
April	2
May	5
June	16
July	36
August	25
September	12
October - December	3

(Based on B.T.A. Report, 1965)

1 For instance:-

Motives in the timing of holidays - Social Survey, 1961
Staggered Holidays - Cmnd. 2105, July, 1963
A Survey of the Holiday Industry of Devon 1960 - Devon County Council, 1961
Holiday Industry - Cornwall - Cornwall County Council, 1966
The Transport of Holiday-makers in Devon and Cornwall - F.M.M. Lewes, Anthony Culyer and Gillian A. Brady, University of Exeter, 1966.

It seems likely that this concentration varies quite considerably between different parts of the area; for instance Devon tends to have a slightly longer season than Cornwall because it receives more early and late second-holiday visitors who, coming for shorter periods, do not wish to travel so far. In both counties, south coast resorts have longer seasons than north coast resorts, particularly where the latter depend upon surf beaches. In general, however, about a third of holiday starts are made in July, whatever visitors' destinations are. This pattern does not seem to have varied much in recent years, although there has perhaps been a tendency for the season to start more slowly and to continue rather later. This has worried the industry since it has often been assumed that a season which started badly would continue badly, but usually the end of the recent seasons has offered, at any rate, partial compensation. It is not possible to give reasons for this change, but one can suggest:-

changes in consumer preferences,
the changed date of the autumn Bank Holiday,
the weather,
more second holidays.

Sorts of holiday-makers present

15 In addition to variations in total numbers there is a change over the season in the sort of people on holiday and their places of origin. Thus, the first visitors tend to be older, often retired, people, perhaps attracted by the offers of special terms for old age pensioners made in certain areas. A high proportion of the next arrivals is professional and office workers, whose holiday dates, while constricted possibly by school terms, are less so than those who come at the height of the season. At the peak period the main sources of visitors are centres of manufacturing industry. This appears to arise from the fact that their holiday dates are controlled by the closing of complete factories and they have no opportunity for spreading their holidays into other times[1]. Because of the geographical distribution of employment and of retired people in the country, the older visitors and the professional and office workers come proportionately more from the south and east, while the industrial workers come more from the midlands and north, a change reflected, for example, in the train timetables.

Day of the week variations

16 There is a weekly peak of arrivals on Saturday, as much as 60% of a week's arrivals entering the area on this day. Social Survey figures and other

---

1 An investigation by A.W. Norman at the South Devon Technical College shows that coal-mining provides a similar concentration.

evidence suggest that this effect is more intense at the height of the season. Out-of-season visitors seem to have more flexibility in their day, as well as date, of starting holidays and this is paralleled by the greater willingness of hoteliers and others who run accommodation to accept mid-week bookings away from the peak period. Diagram 1 which shows the number of coaches using Exeter Coach Station for every day in 1965 gives graphic evidence of both seasonal and day of the week variations, although it probably attenuates the real variation in visitor arrivals because coaches are more fully occupied on Saturdays and a higher proportion avoid entering Exeter then.

Changes over the year in accommodation used

17 The form of accommodation used also varies through the season. Table 3 suggests that the seasonal variation of hotel use is small relative to that of chalets and static caravans partly because there are sometimes legal limits on the period they may be used. Holiday-makers using tents are virtually confined to three months at the height of summer.

Table 3 USE OF DIFFERENT TYPES OF ACCOMMODATION OVER THE YEAR. (Percentages based on average monthly figures 1964 - 7 for Devon).

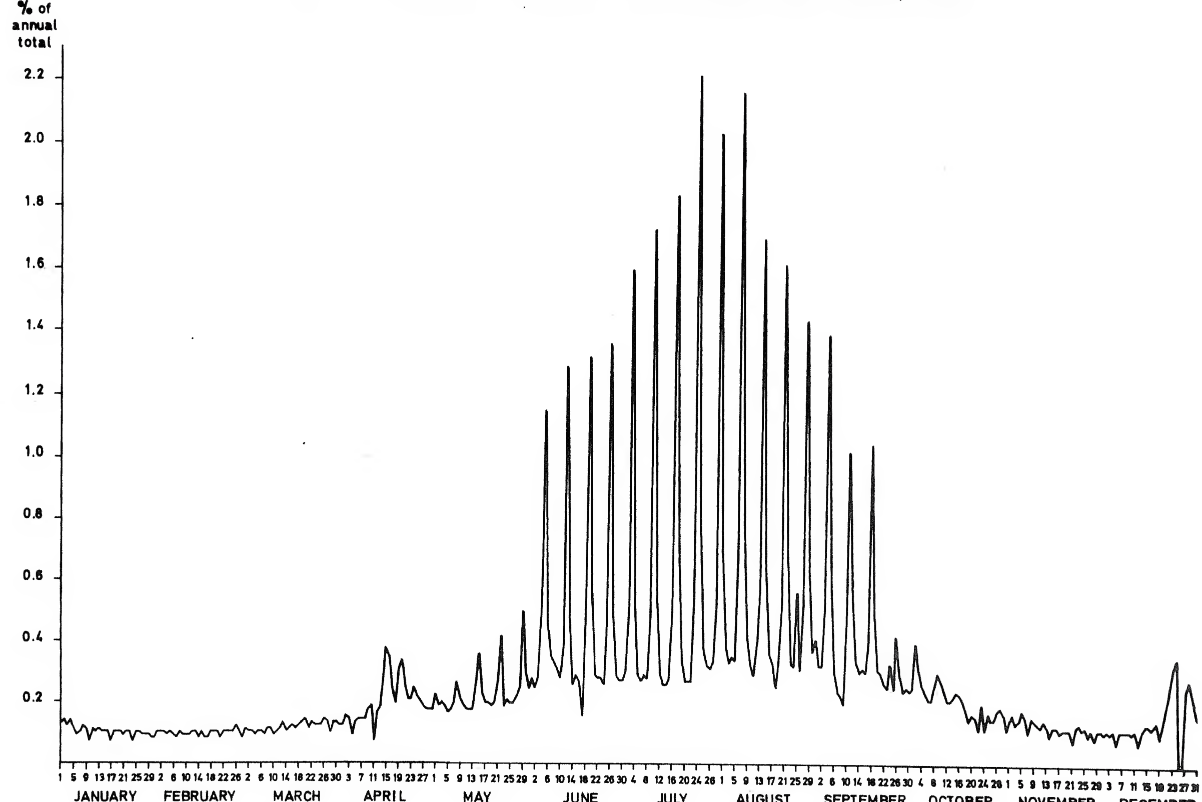
	Hotels/ Guest Houses	Private Houses	Holiday Flats	Chalets	Caravans	Tents
January	100	-	-	-	-	-
February	100	-	-	-	-	-
March	94	3	-	1	2	-
April	59	22	3	4	10	2
May	40	32	3	7	16	2
June	31	31	5	8	20	5
July	25	30	4	9	23	9
August	27	28	4	10	23	8
September	39	29	4	9	16	3
October	95	2	3	-	-	-
November	100	-	-	-	-	-
December	100	-	-	-	-	-

(Based on Devon County Council's annual reports)

18 However, even within these classes, there are considerable variations. Higher quality hotels tend to have a longer season and better occupancy rates

Diagram 1

SEASONAL AND WEEKLY VARIATIONS IN EXPRESS COACH SERVICES 1965



(Based on Coaches entering Exeter Bus Station.)

than other hotels, apart from at the peak, while many well-equipped chalet sites, both catering and self-catering, attain high occupancy rates over a limited season of between twenty and thirty weeks.

Results of the seasonal pattern

19 The results of this time pattern are of considerable importance. They mean, first, that capital invested in the industry and in the infra-structure of the industry, that is to say, in roads, sewerage and so on, is not used to its full capacity for more than a few months of the year, and if it is to be profitable it must make very high returns during this period. Only certain types of investment seem to have achieved this, and the present state of the industry, for example the increase in the number of chalets and the relatively static number of hotel rooms, reflects these differences. Second, the labour force is, in many cases, only used for part of the year. The ways in which an industry can reflect a seasonal pattern of demand in its use of labour are discussed at some length in Chapter 4 on Labour. One of the facets of this which has caused most concern has been that it has left a pool of unemployment in resort towns in winter.

20 As against this one must appreciate that many of the facilities provided for holiday-makers are available for residents during the year and particularly out-of-season. Often these are facilities which would not otherwise be available to them. It has also allowed many people, who, for various reasons, do not wish to work full time for the whole year, to have a means whereby they can supplement their incomes during the summer. Finally, at the time when the majority wish to come, many of the facilities appear to be intolerably crowded. It must be realised, however, that holiday-makers are not necessarily trying to avoid crowds. Many come at the height of the season, not because they are forced to do so, but because they enjoy the carnival spirit created by large numbers of people. Furthermore, even in mid-summer when the main resorts seem crowded to bursting point, the moorlands in the centre of the two counties are relatively unused and many inaccessible beaches see comparatively few visitors.

CHAPTER TWO

GEOGRAPHY OF THE INDUSTRY

21 For some economic purposes, it is possible to treat the area we are considering as a whole. Such a treatment is relevant, for instance, in Chapter 9, where overall economic effects are under consideration. For other purposes, however, a more exact location of the industry is important. For example, those interested in employment, unemployment, population, housing, retail distribution and many other aspects, need information specific to quite small areas. This is because holiday-makers are very unevenly spread through the two counties, there being many areas of high concentration and others where few visitors penetrate. Moreover, while holiday-makers themselves are mobile, many of the facilities they use are not and those responsible for the provision of such facilities must know whether they are needed within their own particular areas. Also the presence of an active industry seems to coincide with the existence of a number of other social and economic characteristics in an area. Thus it was considered necessary at an early stage to identify those parts of Devon and Cornwall where the impact of holiday expenditure is greatest and then to examine various characteristics of these areas.

CRITERIA FOR DEFINITION OF AREAS

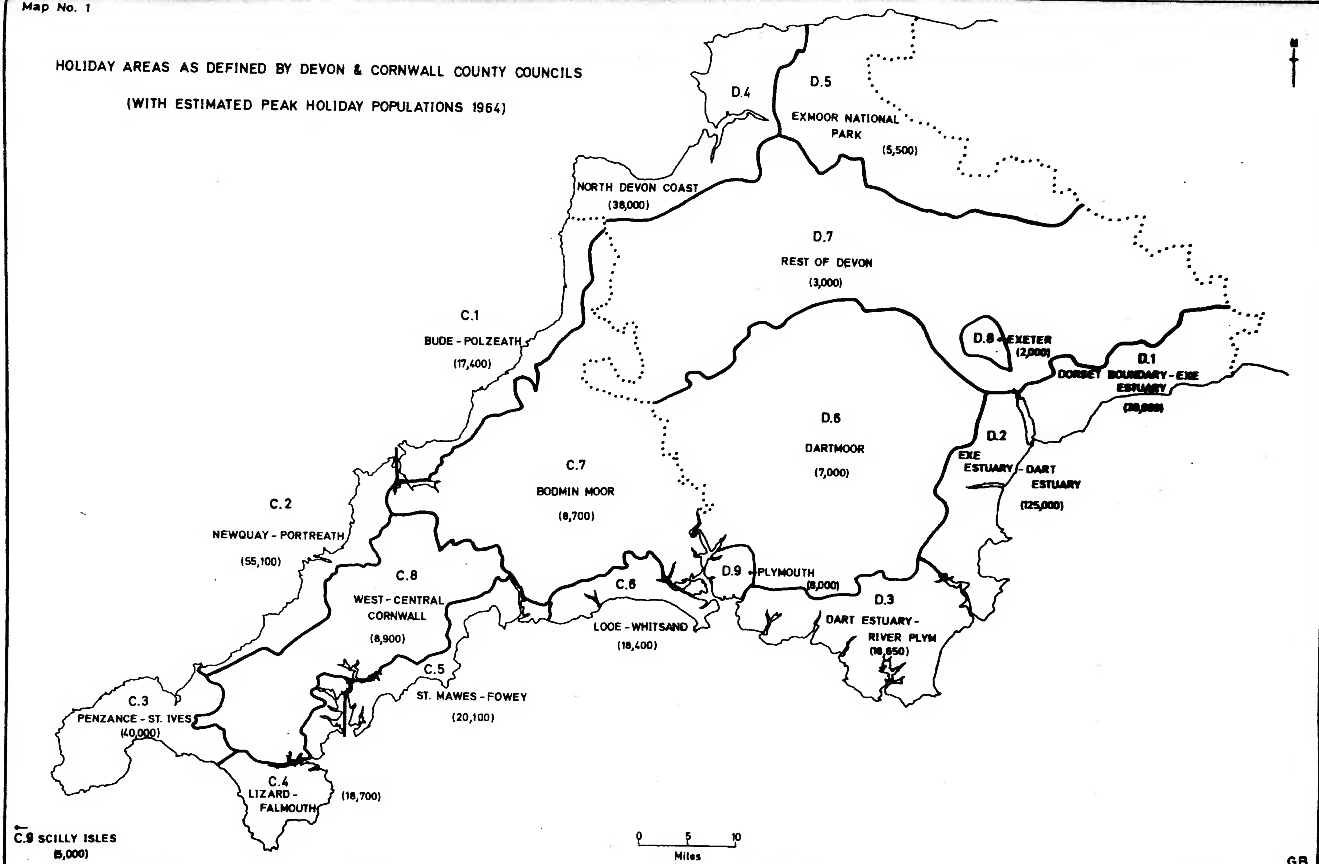
Number of holiday-makers

22 The natural criterion for the definition of holiday areas would seem to be the number of holiday-makers who use them. A division on this basis already exists and a set of such areas, usually known as "holiday areas", has been defined both by Devon and by Cornwall County Councils. They are shown in Map 1 together with approximate figures for the number of holiday-makers present in each area at the peak of the holiday season. The figures are based on recent reports from Devon County Council and Cornwall County Council and it is not thought that these have changed greatly over the past few years. They represent a peak holiday population of about 430,000, which is consistent with a total number of visitors over the year of about 4½ million as suggested in the last Chapter. Approximate figures for Exeter, Plymouth and the Scilly Isles have been included mainly on the basis of what information is available about accommodation there. The map shows the very heavy concentration of visitors in the coastal areas and within these areas in certain particular parts. The four most popular areas, Exe-Dart (which includes Torbay), North Devon, Newquay-Portreath and Penzance-St. Ives, account for 60% of the total. In as far as changes can be interpreted from the figures

Map No. 1

HOLIDAY AREAS AS DEFINED BY DEVON & CORNWALL COUNTY COUNCILS

(WITH ESTIMATED PEAK HOLIDAY POPULATIONS 1964)



available, these four areas appear to be growing in popularity rather faster than elsewhere, and it should be noted that three of them are on the north coast which seems, generally, to be becoming more popular at the expense of the south coast.

23 These areas are, unfortunately, of little use for further analysis. First, they are rather large and hence a single area may contain a wide range of varying conditions, even with respect to its holiday characteristics. Second, they cross district council and sometimes parish boundaries, so that, in general, little other information about them is directly available. For our purpose, what is needed are areas which are smaller and for which information of other sorts may be obtained.

Accommodation and employment as criteria

24 In practice it has been found necessary to use two other methods of dividing the counties in order to examine those parts where the holiday industry is of greater or lesser importance. Where social and demographic data are examined, the information is available on a local authority basis but, where employment and unemployment are considered, it has been necessary to use Employment Exchange Areas. It will be convenient to define both classifications here. In each case the areas have been divided into three categories corresponding roughly to:-

i. areas where holidays are economically predominant;

ii. areas where holidays are important, but where there are considerable other forms of economic activity;

iii. areas where holidays are unimportant.

25 The criteria used were as follows:-

1. for local authorities, the number of hotel rooms per thousand population as given in the 1961 Census, with the three categories:-

   X - 50, or over, rooms/1,000 population,

   Y - 20, but under 50 rooms/1,000 population,

   Z - under 20 rooms/1,000 population.

   Each of these may also be subdivided into urban and rural areas.

2. for employment exchange areas, the percentage of the employed population in S.I.C. category 884, "Hotels and Catering". The year used was 1966, the latest for which figures were available when the study was started. The use of a later year would have made very few different allocations. The three categories are:-

A - 10% or over in S.I.C. 884,

B - 5% but under 10% in S.I.C. 884,

C - under 5% in S.I.C. 884.

These are not divisible on an urban-rural basis.

26 For comparison, England and Wales have 12 hotel rooms per 1,000 population and 2.6% of employees in S.I.C. 884.

27 While these criteria appear somewhat arbitrary, they seem in each case to give a reasonable division in accordance with common observation. The areas are listed in Appendix 1, where an attempt is made to reconcile the two sets, and they are shown in Maps 2 and 3. The phrases A, B, C, or X, Y, Z areas are used below to refer to these divisions.

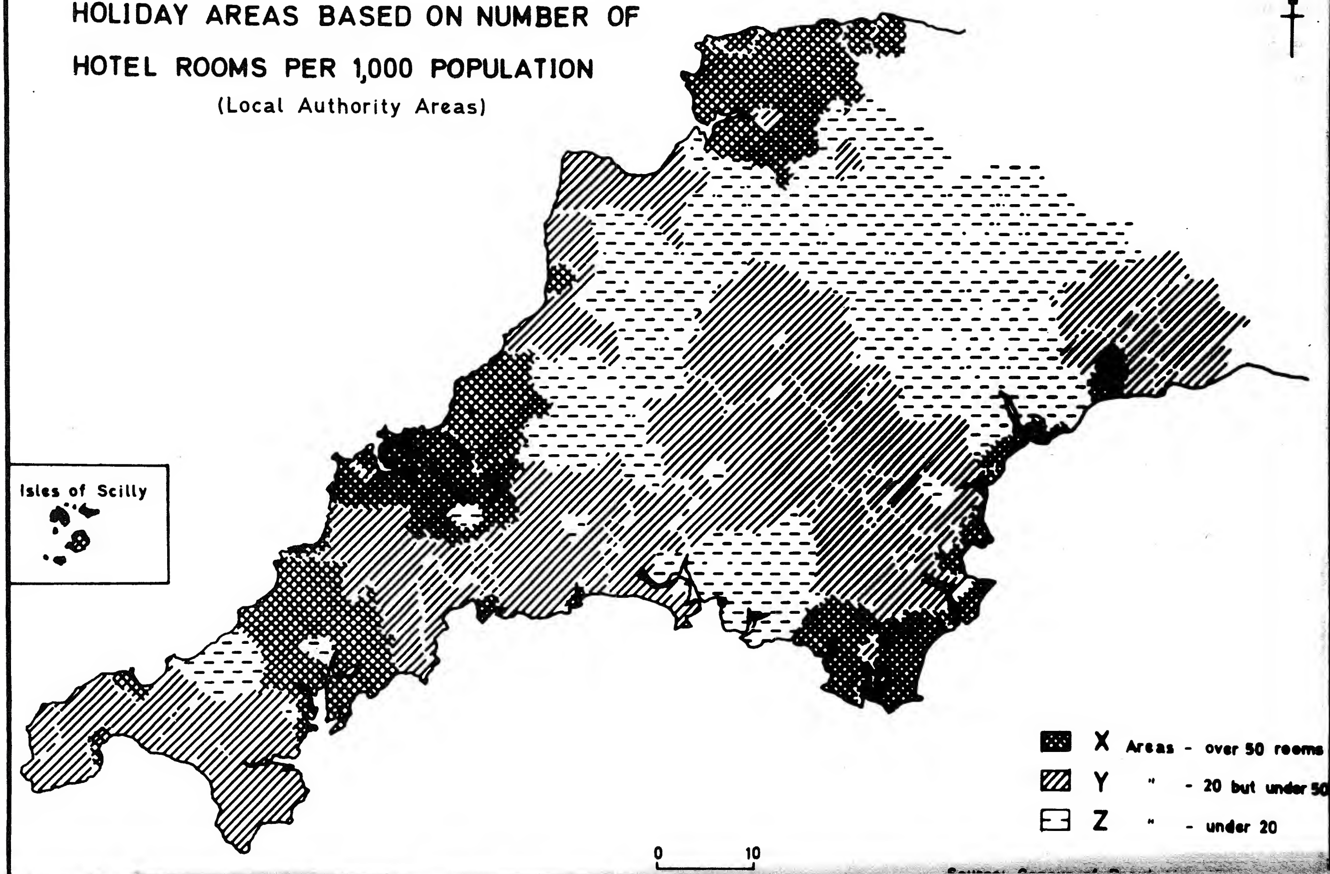
28 It should be noted that the use of hotel rooms tends to rank places mainly dependent upon chalet and caravan accommodation below their true holiday capacities. It is difficult to be precise about camp site capacities. For example, a site licensed for a number of tents has, effectively, no known capacity until campers arrive, because the licence is for a certain number of tents and these can be of varying sizes. Moreover, under the "28 day rule" exemption from licensing is available for sites used for 28 days or less during a year, so that every field in the two counties is a potential short-term camping ground! Information on other types of non-traditional accommodation, chalets and static caravans, is given in "units" which can also accommodate varying numbers of people. Hotel and camp-site capacities in each area are compared in Table 4. Since chalet and caravan accommodation is more "rural" than hotel accommodation, it is possible that rural districts will be misclassified. These are, in any case, often difficult to allocate because, particularly in Cornwall, their holiday "component" is often a fringe of small resorts on the coast, while the rural district also includes a large agricultural hinterland.

29 The case for using an "accommodation" basis for assessing local authorities is that some two-thirds of holiday expenditure is on accommodation (or in the case of self-catering establishments on accommodation plus food), which means a very high proportion of expenditure by holiday-makers must be made within these areas. While other areas receive fringe expenditure or indirect expenditure, it seems unlikely, with certain exceptions, that C or Z areas, as defined above, can receive much economic benefit from holiday expenditure. Alternative allocations on a local authority basis could be made in a number of other ways, for instance, according to the proportion of rateable value arising from holiday establishments. The results are unlikely to diverge greatly either from one another or from common observation. A somewhat similar position prevails with the allocation of employment exchange areas, although these are larger and so may be internally more diverse. While both allocations used here are based on rather arbitrary limits and definitions, they nevertheless appear empirically reasonable.

Map No. 2

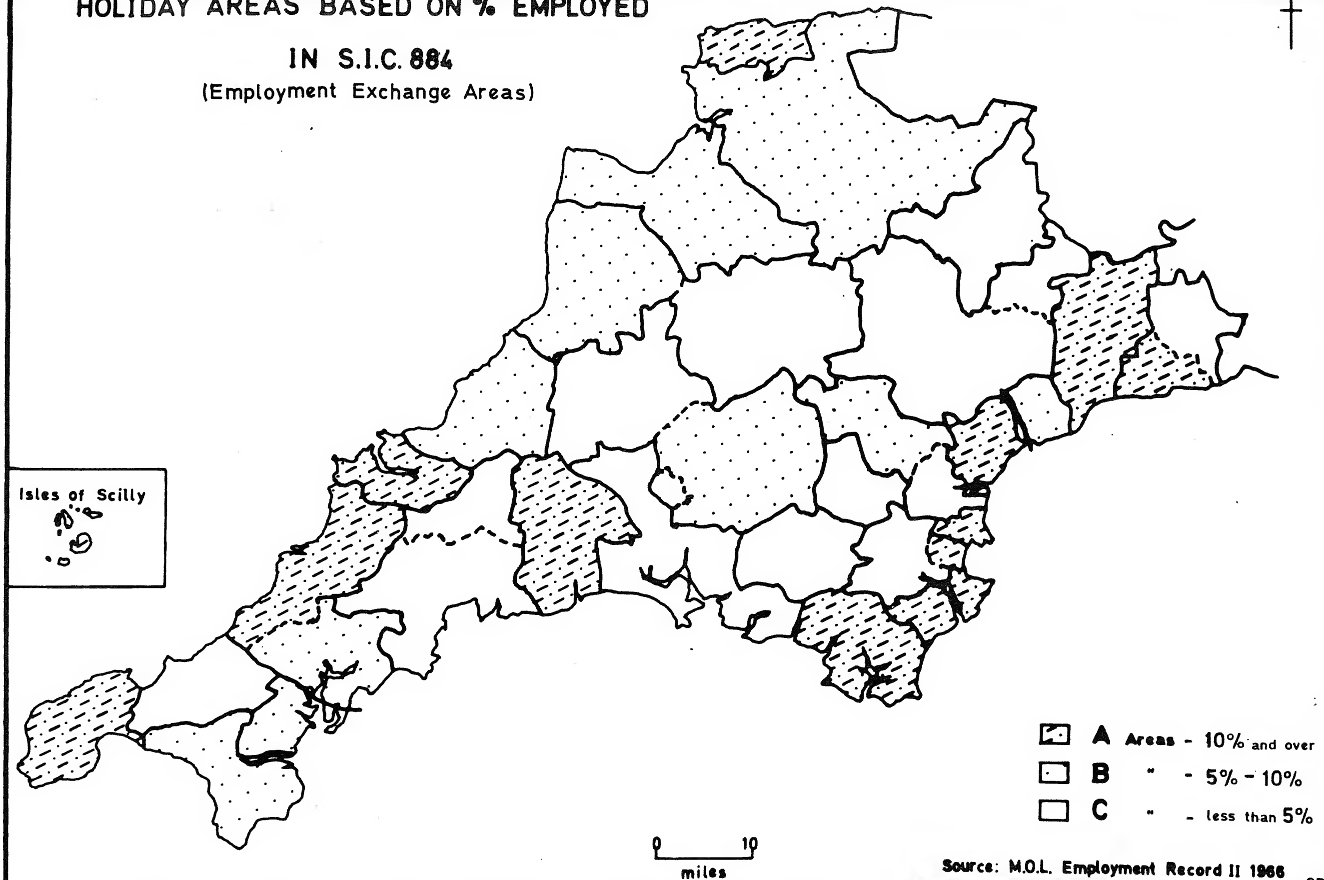
HOLIDAY AREAS BASED ON NUMBER OF HOTEL ROOMS PER 1,000 POPULATION

(Local Authority Areas)



HOLIDAY AREAS BASED ON % EMPLOYED IN S.I.C. 884

(Employment Exchange Areas)



Source: M.O.L. Employment Record II 1966

GB.

Table 4 HOLIDAY ACCOMMODATION BY TYPE OF AREA

	Population (Census 1961)		Hotel Rooms (Census 1961)		Camp Units (County licensing figures)	
	Nos.	%	Nos.	%	Nos.	%
X						
Urban	239,893	20.57	37,058	63.95	18,829	42.41
Rural	89,158	7.65	6,689	11.54	10,366	23.35
Y						
Urban	88,529	7.59	2,664	4.60	2,717	6.12
Rural	188,275	16.15	5,342	9.22	8,741	19.69
Z						
Urban	426,512	36.58	4,651	8.02	1,843	4.15
Rural	133,685	11.46	1,541	2.66	1,902	4.28
	1,166,052		57,945		44,398	

Note: Census hotel rooms include all rooms within such establishments, not just bedrooms.

30 Whichever criterion is used, it would appear that the economic benefits of the holiday industry are relatively concentrated. For instance, using the local authority basis, X areas which contain 28% of the population of the area, have 75.5% of the rooms (Table 4) while at the other end of the scale Z or non-holiday areas, with 48% of the population have only 11% of the hotel rooms of which almost half are in Exeter and Plymouth where there is a large commercial requirement. This concentration is even more marked than is suggested by the aggregate figures. The six areas with the highest ratios of hotels to population, Ilfracombe, Looe, Torquay, Salcombe, Lynton and Newquay, have between them only 7% of the population, but 26% of the hotel rooms.

31 Camp sites are distributed in a rather different way from hotel rooms. These relatively new forms of accommodation have been confined to certain areas, partly by the availability of suitable sites for their more land extensive operations and partly by the deliberate planning policies of County and District Councils. As a result, in contrast to hotel rooms, they rather tend to be more important in rural areas. The X and Y rural areas between them have 43% of the units as against only 21% of the hotel rooms, and there are nearly as many in Y, semi-holiday, areas as in X holiday areas. Furthermore, camp-site units are highly concentrated within a small number of individual local authorities. The six with the highest ratios of units to resident population are Brixham U.D., Dawlish U.D., Paignton U.D., Kingsbridge U.D., Seaton U.D. and Northam U.D., which have 35% of the units but only 6% of the population of the area. (According to the hotel room criterion, Seaton is a semi-holiday area, Northam a non-holiday area). All the areas above are in Devon: Cornish camp units are more dispersed through the county. The differences would appear to be partly a result of the fact that Cornish resorts, in general, have had suitable sites on their perimeters only for smaller numbers of units, and partly from the effects of deliberate planning policy, either by the County or by Local Authorities, which has led in Devon to the small number of very high concentrations. Some resorts indeed are still without this sort of accommodation.

32 It is further noticeable that these newer forms of accommodation are even more closely tied to the coastline than are traditional forms. There are a few caravans on the fringes of Dartmoor and Bodmin Moor, but the figures support the visual evidence that camp-site operators are not interested in sites more than a mile or so from the shore. This is no doubt, in part, because a camp site is limited in its function almost entirely to serving holiday-makers. Many hotels have also a commercial or local clientele.

33 The concentration of the holiday industry along the coast has a further aspect, that of amenity - meaning, in its broadest sense, its effect on the physical environment. The control of environment is mainly a matter within the aegis of the County Planning Authorities and in this respect a number of problems has arisen. For instance, in holiday areas facilities used by local residents become congested and pressure for development is felt particularly strongly in many areas of high amenity value to which holiday-makers are attracted. Such pressures have inevitably been most intense along the coast and have led each County to introduce policies concerning coastal development, reinforced by other policies aimed at conservation of as much as possible of still unspoiled coastal land.

34 In the most popular areas, a position has been reached in which both counties recognise that there is a maximum desirable limit to holiday development in order, amongst other things, to avoid damaging the landscape, changing the character of a locality or overcrowding holiday facilities. Cornwall's policy is particularly directed towards controlling development of static caravan and chalet sites and they have declared certain areas to be "Saturation Areas"[1]...... "where it is considered sufficient provision has already been made for those who wish to have a caravan or chalet holiday" and "no new sites or extensions to existing sites for static holiday caravans or chalets are permitted......". Devon too, is concerned about holiday camping and recognises areas which are "Approaching Capacity for Holiday Development" in which further holiday camping is discouraged. Actual capacity (in terms of roads, parking, beaches, etc.,) is considered to be reached "when existing permissions are fully implemented"[2]. The areas affected by these planning policies are shown in Map 4.

35 The declaration of such an area does not mean that there can be no more holiday development of any sort in these particular areas. Growth of other forms of accommodation has not been limited[3]. Besides which there is still considerable scope for further capacity for holiday camping due to existing permissions not yet being implemented. In Cornwall[4], for instance, there was an increase of 227 units per year over the period 1960 - 64 in saturation areas which, although lower than the increase of 363 p.a. in the same areas over the period 1954 - 60, still represented growth in the number of static caravans and chalets.

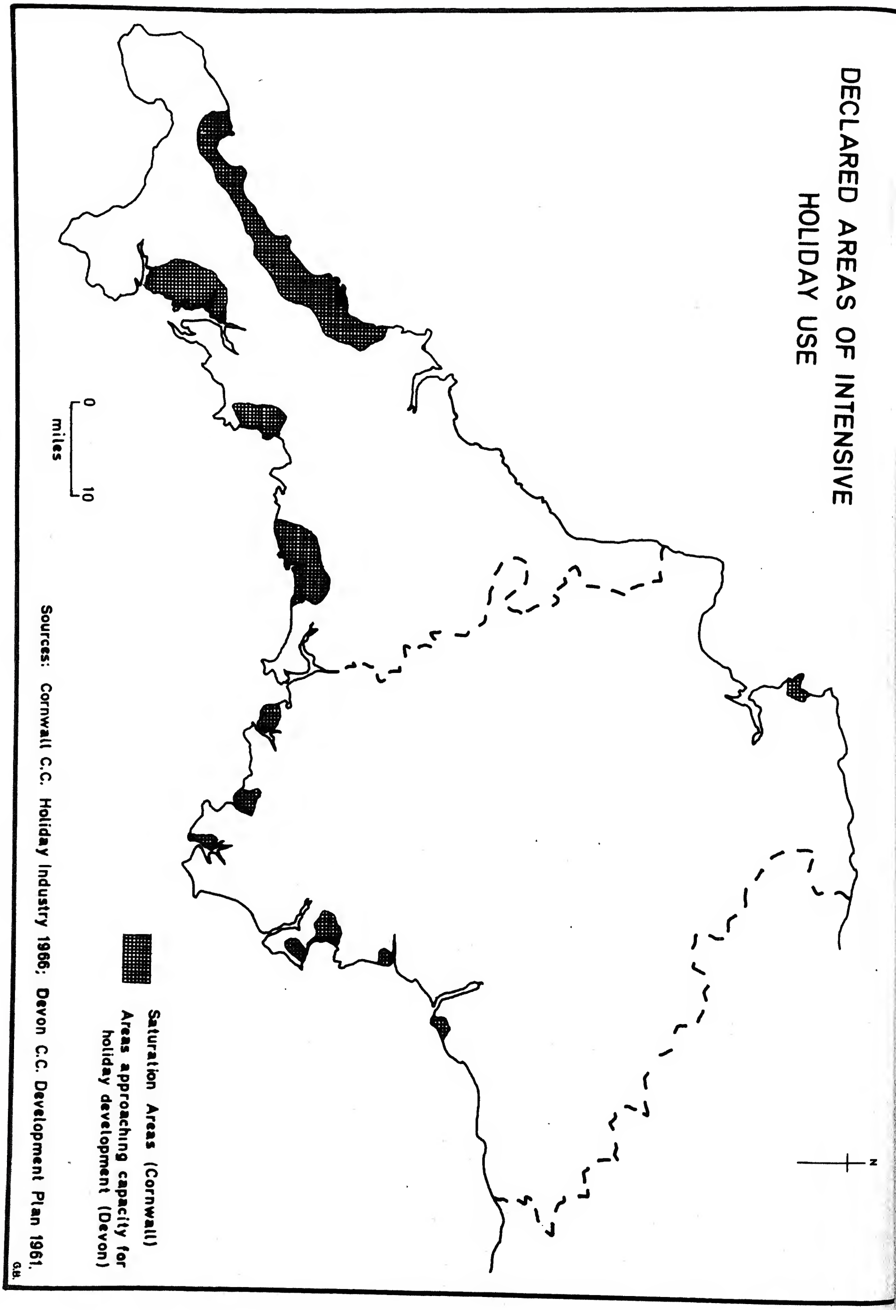
---

1 Holiday Industry - Cornwall - Cornwall C.C. 1966 p. 34

2 The Coasts of S.W. England - National Parks Commission p. 44

3 Holiday Industry - Cornwall - Cornwall C.C. 1966 p. 76

4 Holiday Industry - Cornwall - Cornwall C.C. 1966 p. 35


DECLARED AREAS OF INTENSIVE HOLIDAY USE
0
miles
10
N
Saturation Areas (Cornwall)
Areas approaching capacity for holiday development (Devon)
Sources: Cornwall C.C. Holiday Industry 1966; Devon C.C. Development Plan 1961.
G.B.

36 Compensating for this slower rate of growth, however, are corresponding increases in other coastal areas and it is this expansion of interest into as yet unspoiled parts of the coast, which has led to further measures of control over development in an attempt to conserve their high amenity value. These measures consist in designating certain areas to be of "outstanding natural beauty", of "great landscape value" or of "historic" or "scientific value", of "special attraction to day visitors" or of a "rural and quiet character", in which there is very strict control over development. The distribution of these through the two counties can be seen in Map 5. The National Trust too owns a considerable amount of land, particularly within the coastal belt and in Devon part of the Exmoor National Park covers 16 miles of the coastline[1]. Altogether, within the two counties, a total area of approximately 1.3 million acres[2] (50.8%) is covered by such protective policies, affecting about 80% of the land included in the coastal belt[3]. The places, therefore, where further development along the coast is permitted, are fairly small. In Cornwall[4], for example, only 15% of the coast remains after taking into account saturation areas and Areas of Outstanding Natural Beauty. This means that in future, as Devon suggests[5], development will probably have to move inland. But in view of the pressure of demand for coastal sites, it is difficult to say how successful this may be.

37 Economically, these policies place a high value on conserving amenity and involve the imposition of a certain maximum level of development in those areas which have proved to be the most popular. Yet even in these, where it might be expected that there would be a case for saying that further development could lead to extra expenditure on the infrastructure of the area, such as on roads, drainage, water supply, etc., local authorities generally (see Chapter 5) do not forsee heavy costs caused by an expansion in the numbers of holiday-makers, except on roads, car parks and possibly water supply. Hence, amenity would seem to be the outstanding criterion for this control. We have not attempted to make an economic assessment of the cost of these policies and, since they command wide support, we have accepted that the economics of the holiday industry and any proposals we might make, must be within the constraints which such policies impose.

---

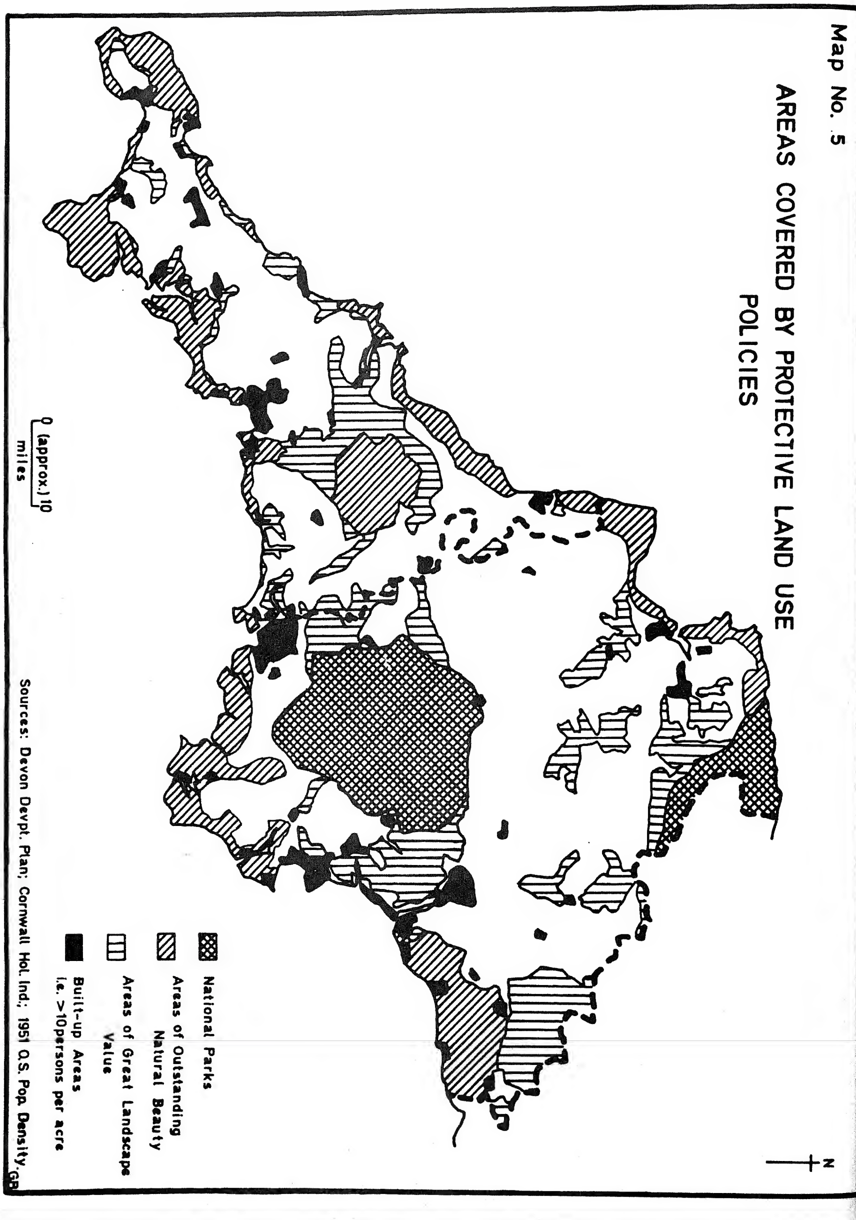
1 Coasts of S.W. England - National Parks Commission Land Use Statistics, p. 69, etc.

2 Cornwall C.C. Dev. Planning, 1st Review 1962 p. 38, 39
Devon C.C. - Annual Survey of Landscape & Amenity 1966 p. 1 - 2

3 Coasts of S.W. England - National Parks Commission Land Use Statistics, p. 69, etc.

4 Holiday Industry - Cornwall - Cornwall C.C. 1966 p. 76

5 Devon County Development Plan (1st Review) p. 66


Map No. 5
AREAS COVERED BY PROTECTIVE LAND USE POLICIES
N
National Parks
Areas of Outstanding Natural Beauty
Areas of Great Landscape Value
Built-up Areas i.e. >10persons per acre
0 (approx.) 10 miles
Sources: Devon Devpt. Plan; Cornwall Hol. Ind.; 1951 O.S. Pop. Density.
GB

CHAPTER THREE

SOCIAL BACKGROUND

38 In any area where one form of economic activity is predominant there are likely to be a number of social and economic characteristics associated with it. Some forms of activity set their stamp upon an area more markedly than others and the two main ones in Devon and Cornwall, agriculture and holidays, have very strong effects upon the communities where they take place. In the case of agriculture, these are almost entirely confined to rural areas. In contrast, the holiday industry takes place in both country and town, and, if anything, it is in urban resorts that holidays have the greatest effect. It is, therefore, necessary to treat urban and rural areas separately.

39 Where a certain social pattern exists in a holiday area it is seldom possible to assert that it is caused by the holiday industry. For example, holiday areas may contain high proportions of retired residents. People retire to seaside towns for a number of reasons which are often the same as those which attract holiday-makers, for instance the proximity of the sea and countryside, but it would not necessarily be true to say that the holiday industry caused them to retire in these areas. Even if there is no causal relationship, an association such as this between areas of holiday-making and retirement, is important for our study.

MIGRATION FLOWS

40 The existence of retirement areas and the inward migration of people of retirement age into the two counties has attracted considerable attention, but it is important to realise that other strong migration flows exist and that these, as well as the retirement flows, differ as between the different types of area.

41 From three sources of information[1] a composite picture of migration has been built up in the following ways:-

a) migration between the 1951 and 1961 census dates has been analysed

---

1
- a) Census 1961 - County Reports, Devon & Cornwall.
- b) Sample Census 1966 - County Reports, Devon and Cornwall and photostatted information.
- c) Sample Census 1966, England and Wales, Migration-Regional Report, South Western Region.

for five-year age cohorts[1] on a net basis, that is the balance of inward and outward flows. This was done by taking for each sex separately, the population of ages X to X + 4 in 1951 and subtracting a natural loss rate from deaths for the next ten years, estimated from life tables and comparative mortality ratios of areas. This gives the number which one would expect to find remaining in the cohort X + 10 to X + 14 in 1961. Net migration is the difference between this expected number and the number actually counted at these ages in the 1961 census.

b) a similar exercise was performed on the census data from 1961-1966.

c) information is available in the 1966 census volume on migration in the South West covering not only age but marital condition, social and economic characteristics of migrants, their sources or destinations and so on.

42 All these methods of estimating migration suffer from certain limitations from the point of view of this study. Information from (a) and (b) concerns only net flows and is limited to information on age of migrants. Between 1951 - 1961 it was necessary to eliminate Plymouth since this city's migration was greatly affected by the run down of service personnel based there. Between 1961 - 1966 other changes had to be made to take account of boundary alterations and since the census was on a sample basis, there are sampling inaccuracies which are possibly quite large compared with the net movements found. The 1966 migration volume data allows gross flows to be known and gives information on occupational and other characteristics of migrants, but, as this is not available for all local authorities it cannot be re-analysed on the basis of our X, Y and Z areas.

Net Migration 1951 - 1961

43 We consider first the net migration flows according to different age groups between the 1951 and 1961 censuses. Over this decade all three types of area showed certain marked characteristics although their intensity varied. These characteristics may be summarised into three flows as follows:-

a) a young worker flow, always outward, usually starting with the cohorts aged 5 or 10 in 1951, (those aged 5 - 9 in 1951 will, of course, have been 15 - 19 in 1961 and will have moved at any time between these ages);

b) a mature worker flow, always inward and starting at different ages in different areas, but usually fairly intense by the age of 30;

c) a retirement flow also inward. It is difficult to identify the point at which the mature worker flow becomes a retirement flow and in Table 5 this has arbitrarily been put at 55 in 1951.

---

1 The term "cohort" is the official one used by the Registrar General for a group of people defined by age and sex, e.g. males 10 - 14 years.

Table 5 MAIN MALE NET MIGRATION FLOWS - 1951-1961

Note: Flows under 5% are neglected. Percentages are of the number in the cohort in 1951, and ages of cohorts are at that date.

Area	Young Worker Flow	Mature Worker Flow	Retirement Flow
Holiday Areas			
Urban	Ages 5-14 only Size rising to 21.6% in 10-14 cohort.	Ages 20-24 and 30 onwards Size rising to 25.1% in 50-54 cohort.	Ages 55-64 28.5% in 55-59 cohort.
Rural	Ages 10-24. 20.7% in 15-group and 18.2% in 20-group.	Ages 30 onwards Size rising regularly from 7.4% in 30-group to 19.0% in 50-group.	Ages 55-64. 28.2% in 50-54 and 23.4% in 55-59 cohorts.
Semi-holiday Areas			
Urban	Ages 5-19. Maximum 10.3% in 15-group.	None	55-69. All cohorts under 10%.
Rural	Ages 5-34. Over 20% in 15-19 and 20-24 cohorts.	Ages 45-49. Under 10% in all cohorts.	55-64. 17.4% in 55-59 cohort.
Non-holiday Areas			
Urban (less Plymouth)	Ages 15-19 Size - 15.5%	20-24, 40-44, 50-54. All under 10%.	55 onwards. All under 10%.
Rural	Ages 10-19. Under 10% in both cohorts.	30-39. Under 10%	55-59. 12.3%

44 The main characteristics can be seen in Diagram 2 and are detailed in Table 5. Holiday areas seem to have more intense flows both outward and inward than either semi-holiday or non-holiday areas and for holiday and non-holiday areas, there is not much difference between the urban and rural parts. In contrast, the rural parts of semi-holiday areas showed very much more intense and prolonged outflows of young workers than did the urban parts. It is, indeed, these semi-holiday areas which seem most prone to lose younger workers and least able to attract the more mature ones. Except in semi-holiday areas the extent of the inward flows of mature workers exceeds the outflows of younger ones, particularly in holiday areas. In general, human nature being what it is, the flows for males and females show remarkable degrees of similarity.

Net Migration 1961 - 1966

45 In the 1966 census only 10% of the population were approached and this means that the figures are liable to sampling error which can form quite a high proportion of a "difference" of the sort which we are using here. For this reason the figures from 1961 to 1966, which are shown in Diagram 3 and summarised in Table 6 show a rather more irregular pattern. In general, however, the main facets of migration from 1961 to 1966 follow those of 1951 to 1961 and, indeed, net migration over these years seems to have intensified, remembering that we are considering a five-year not a ten-year period. Two differences, however, are noteworthy:-

i) The inward mature worker flows, particularly in the case of males, seem to have been largely confined to the urban parts of each type of area in the later period. Indeed, the rural parts seem to have suffered an accelerated loss of younger workers which was not counteracted by an inward movement of older ones. This may, of course, be a movement from rural to urban areas within Devon and Cornwall and not a migration from outside.

ii) There appears to have been an intensification of the retirement flow into rural holiday areas.

Migration and the holiday industry

46 From the migration volume of the 1966 census it is possible to fill in certain aspects of this migration for the later period, but it must be remembered that figures from this source need careful interpretation, particularly with respect to industry and occupation. The reason for this is that often a move coincides with a change of occupation. Thus, for instance, there was apparently a strong net inward migration in Occupation Order I, "farmers, foresters, fishermen". It seems unlikely that this, however, led to an increase in the number of farmers, foresters and fishermen in the area since indeed, we know that the number fell considerably. Doubtless many people in these categories who

Diagram 2

MIGRATION - DEVON & CORNWALL 1951-1961
Percentage net migration of 5-year cohorts from 0-74 years
by sex and type of area

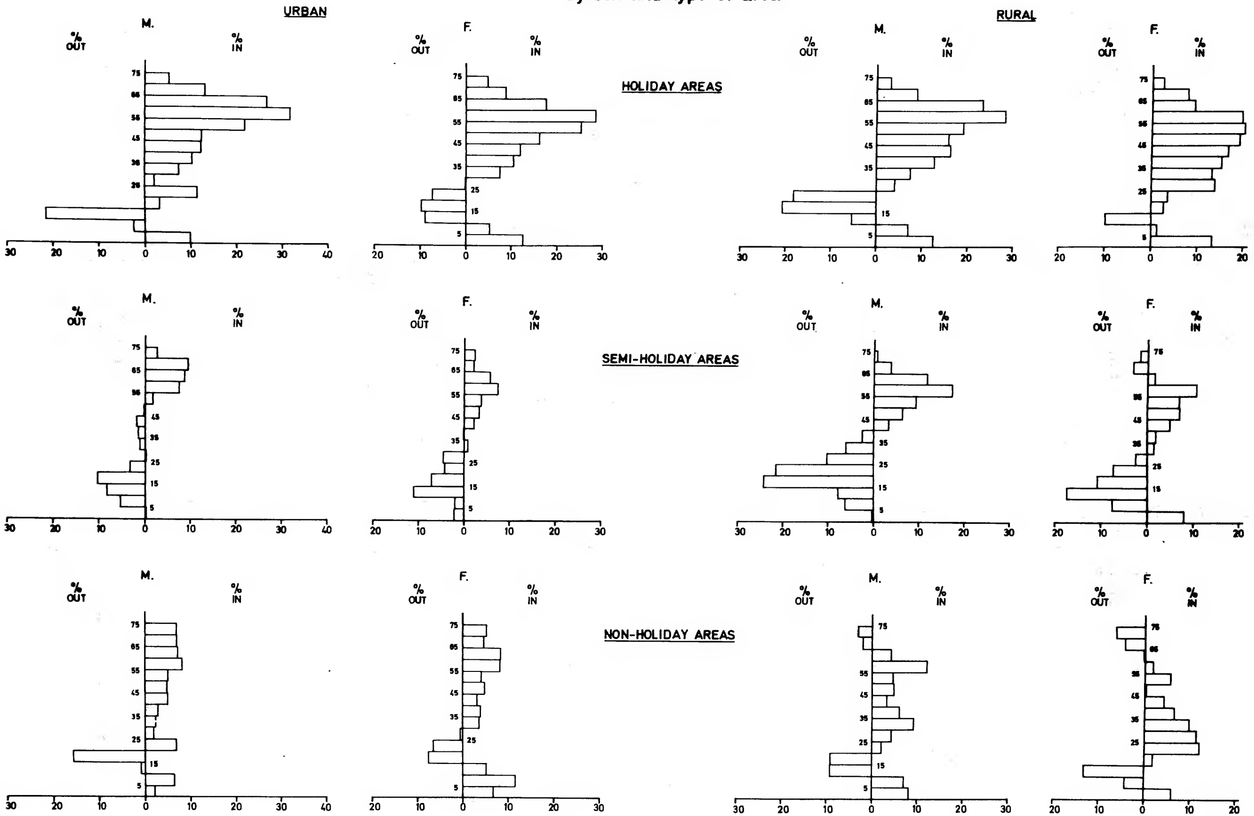
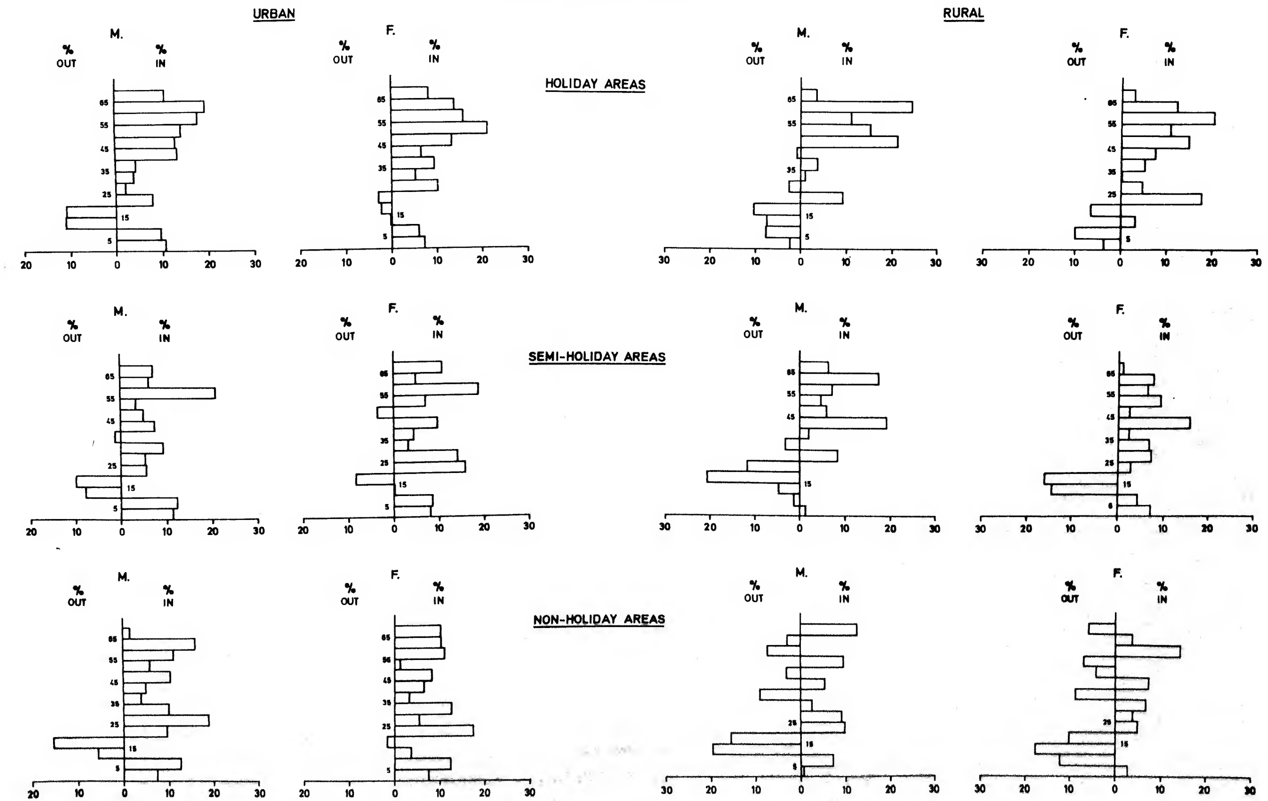


Diagram 3

MIGRATION - DEVON & CORNWALL 1961-1966

Percentage net migration of 5-year cohorts from 0-69 years by sex and type of area



Percentages of 1961 population.

Table 6 MAIN MALE NET MIGRATION FLOWS - 1961 - 1966

Note: Flows under 2½% are neglected. This corresponds to the 5% in the previous Table since the period under consideration is only half as long.

Area	Young Worker Flow	Mature Worker Flow	Retirement Flow
Holiday Areas			
Urban	Ages 10-14 only, about 10%	Ages 20-24 and 30-54	All ages over 55, maximum 19% in group 60-64
Rural	Ages 5-19, 7% to 10%	Ages 20-24 35-39 and 45-54, considerable irregularity with a minor reverse outward flow 25-29.	All ages over 55, 24% in 60-64 group.
Semi-holiday Areas			
Urban	Ages 10-19, 7% to 10%.	Ages 20-54, all 5% to 9% with slight reversal 25-39	All ages over 55, 20% in 55-59 group.
Rural	Ages 10-24, rising to 20% in 15-19 group.	Ages 25-29 40-54, 3% outward in 30-34 group 40-44 group inward flow 19%.	All ages over 55, 17% in 60-64 group.
Non-holiday Areas			
Urban	Ages 10-19, 15% in 15-19 group.	All groups 20-54, very irregular but rising to 18% in 25-29 group.	Ages 55-64 only, 10% to 15%.
Rural	Ages 10-19, between 15% to 20%.	Ages 20-34 40-44 and 50-54, reversals inbetween inward flows, 20-29, 50-54 just below 10%, outward flow 30-39, 9%	65 and over only 12%, small outward flows at younger ages.

left the area will have been engaged in other occupations by the time of the census and hence will have appeared as emigrants, not in their former occupation which they practised before they left Devon or Cornwall, for instance farming, but in their new occupation. Thus, an immigrant arriving to take over a farm will appear in the census as an immigrant farmer but his predecessor who left the farm and became a sales worker in another part of the country will appear as an emigrant sales worker.

47 The migration study essentially confirms the figures for migration by age which were estimated by the methods described above. For both Devon and Cornwall there was net immigration in each of the four rather broad age groups given, rising to a maximum for the group 45-64 years of age. (Table 7). However, even for the group 15-44 there was very considerable net immigration despite, presumably, net emigration over the younger part of this group. It should be noted here and below that some of the immigration and emigration for each county separately is in or out of the other one, it not being possible to distinguish the area to or from which migrants came or went for sub-classifications such as individual age or occupation groups. However, net migration between the two counties was small and any net figure for the counties combined will, of course, eliminate inter-county movements. It should also be noticed from Table 7 that gross migration figures are usually many times net figures.

48 Light is shed upon the economic factors promoting these migrations by the information on socio-economic groups, industry and occupations of the migrants, shown in Table 8. Figures from the migration study are not available for all local authorities and have therefore been extracted only for Devon and Cornwall as a whole. For the two counties together, there were 58,830 immigrants and 41,260 emigrants, giving a net inward balance of 17,570 or 3.2% of the 1961 population. About a third of this net inward movement was of retired people and a sixth consisted of children and students, but half the net immigration was of the economically active.

49 The importance of the holiday industry in stimulating this immigration can be gauged from the form of economic activity in which the immigrants were found. Just under a quarter of the net immigration, 1,970 men, was to "employers and managers of small establishments" and another quarter was "own account workers-non-professional" - this group also excludes farmers. Only relatively few, 420, were "personal service workers". One must remember that the tables are for males and that the count was taken in April, that is before the season opened. For comparison, net immigration of female personal service workers was 4,310. On an industry basis, the main gainers were "distributive trades" and "miscellaneous services" which latter includes most forms of holiday accommodation. The fact that occupationally "administrators and managers" together with "service, sport and recreational workers" just about equals the immigration of "miscellaneous services" rounds off a picture of about a third of net immigration amongst the economically active being concerned with holiday accommodation, mostly in small establishments and often as employers. Distributive trades which also form a considerable part of the holiday industry, accounted for almost another quarter of net immigration. This importance of the holiday industry as a generator of immigration into the area is confirmed when considering the figures for Torquay and Paignton as typical urban resorts.

Table 7 MIGRATION BY AGE GROUPS: DEVON AND CORNWALL, 1961 - 1966

	5 - 14 years			15 - 44 years.			45 - 64 years.			65 and over.		
	Immig.	Emig.	Net	Immig.	Emig.	Net	Immig.	Emig.	Net	Immig.	Emig.	Net
Cornwall & Isles of Scilly	2,90	2,16	74	8,03	7,09	94	4,10	1,91	2,19	2,18	82	1,36
Devon A.C. with C.B's:	6,84	5,67	1,17	19,30	17,41	1,89	9,85	4,02	5,83	5,63	2,18	3,45
Devon and Cornwall			1,91			2,83			8,02			4,81

Based on: <u>Sample Census 1966 England & Wales, Migration Regional Report: South Western Region.</u>

Table 8 MAIN IMMIGRATION AND EMIGRATION FLOWS OF MALES, DEVON AND CORNWALL 5-YEARS PRECEDING 1966 CENSUS*

	Gross immigration	Gross emigration	Net immigration	Net as % of 1961 population
Total	58,830	41,260	17,570	3.2
ECONOMICALLY INACTIVE				
Retired	8,510	2,830	5,680	8.6
Children under 15 and students	11,920	9,560	2,360	1.7
Others	1,850	920	930	14.3
ECONOMICALLY ACTIVE				
Total	36,550	27,950	8,600	2.5
of which:-				
Socio-economic group:				
1. Employers and managers of large establishments	2,070	1,520	550	6.2
2. Employers and managers of small establishments	3,950	1,980	1,970	7.9
3. Professional workers self-employed	690	390	300	8.0
7. Personal service workers	960	540	420	8.4
9. Skilled manual workers	6,860	5,170	1,690	2.0
12. Own account workers non-professional	2,520	61	1,910	11.4
Industry:				
I. Agriculture, forestry, fishing	2,230	1,120	1,110	2.4
XVII. Construction	3,400	2,180	1,220	3.4
XX. Distributive trades	4,340	2,390	1,950	4.6
XXIII. Miscellaneous services	5,350	2,650	2,700	9.1
Occupation:				
I. Farmers, foresters, fishermen	2,400	1,300	1,100	2.2
VII. Engineering and allied trade workers	3,290	2,520	770	2.4
XXII. Sales workers	4,410	2,560	1,850	5.8
XXIII. Service, sport and recreation workers	4,200	2,510	1,690	7.8
XXIV. Administrators and managers	2,560	1,510	1,050	11.5

Based on: Sample Census 1966 England and Wales: Migration Regional Report, South Western Region.

* These figures require careful interpretation - see paragraph 46.

50 One result of the pattern of net migration has been, as the National Parks Commission pointed out[1], that resort areas are also retirement areas. This is more predominantly the case with urban than rural areas (Table 9). However, the recent migration figures discussed above suggest that retirement is now spilling over more into rural areas. Some of this retirement movement is local, that is, it is within the two counties. Although the differences in Table 9 are statistically significant, the averages given hide a considerable range of variation. Amongst the urban holiday areas, the highest percentage of retired was 43% at Sidmouth and the lowest 20% at Looe. South coast resorts, particularly those in Devon, attract the retired to a greater extent than do north coast ones. Indeed, while almost all resorts have above average percentages of retired persons, there is a small number of resorts on the South and East Devon coasts with particularly high percentages.

Table 9 PERCENTAGE OF POPULATION OF RETIREMENT AGE (MALES OVER 65, FEMALES OVER 60)

		Urban	Rural
Holiday	- X areas	27	21
Semi-holiday	- Y areas	21	21
Non-holiday	- Z areas	18	18

(Based on Sample Census, 1966).

51 From the point of view of this study, these retired populations raise two issues:-

a) The effects of retirement and holidays cannot be completely isolated, since they tend to occur in the same areas. As a result, the labour force available for the holiday industry has a large component of otherwise retired people, while their expenditure can often operate effectively to prolong the season.

---

1 National Parks Commission - The Coasts of South West England, H.M.S.O., 1967, page 81.

b) The ends to be pursued must take account of the needs of the retired population. Their number is increasing and it must be accepted that there are certain areas to which they wish to go and in which their needs should predominate, particularly in those resort areas where they congregate most densely.

Table 10 COMPARATIVE MORTALITY RATIOS ACCORDING TO TYPE OF AREA

This is the ratio of the standardised death rate for an area to that of England and Wales. A low figure indicates a "healthy" area. Since there is considerable year to year variation, the figures below are averages for 1955 and 1957 combined.

	X	Y	Z
Rural	0.93	0.94	0.84
Urban	0.91	0.99	0.99

(Based on Registrar General's Annual Reports, 1955 and 1957).

52 It might be thought that the areas chosen by people for retirement were relatively more healthy than others. Devon and Cornwall are, in general, healthier than the average for England and Wales, judged according to their comparative mortality ratios, that is the ratios of their death rates, standardised for population differences, to the England and Wales rate. But, while urban holiday areas have lower ratios than urban semi- and non-holiday areas, there is no evidence that a similar pattern exists in rural areas.

HOUSING

53 The next characteristic of importance is housing. Once again, the holiday industry has a more pronounced effect on urban than rural areas, but, on the whole, in both types of area, the holiday parts have good housing characteristics (Table 11). Holiday towns, in fact, have probably always tended to have a certain amount of spare living space if only because of the opportunity for summer lets. The differences below in "persons per room" do not look very large, but are, in fact, statistically highly significant.

Table 11 HOUSING CHARACTERISTICS ACCORDING TO HOLIDAY AREAS - 1961

		X	Y	Z
Population per room:	urban	0.54	0.58	0.61
	rural	0.55	0.57	0.58
Percentage of households with all four Census facilities (unshared use of: cold water tap, hot water tap, fixed bath, water closet):	urban	79	66	67
	rural	63	60	57
Percentage of owner-occupied dwellings:	urban	54	42	46
	rural	48	49	47

(Source: Census 1961)

Note: Figures relate to private households only and exclude hotels and other institutions.

Table 12 AVERAGE HOUSEHOLD SIZE ACCORDING TO TYPE OF AREA (Persons/household) (1961)

	Type of area		
	X	Y	Z
Urban	2.94	2.98	3.11
Rural	3.02	3.00	3.15

(Source: Census 1961)

54 This relatively low density of occupation is connected with household size as can be seen from Table 12, households in resort areas being relatively small, particularly in urban resort areas.

55 The generally high proportion of fully equipped households and of owner-occupation is also probably partly due to the demands of the holiday industry (it must be remembered that a quarter of visitors to Devon and Cornwall report that they are accommodated in private households, whether as customers or guests), and partly to the effect of the influx of people on retirement, who have capital to buy their houses and expect high standards. It is probable that the price of property in these areas is strongly influenced by these related demands from retirement and smaller hotel/bed and breakfast establishments.

56 In contrast to this, car ownership does not seem to vary in any systematic way.

Table 13 CAR-OWNERSHIP - HOUSEHOLDS PER CAR, 1966

	Type of area		
	X	Y	Z
Urban	1.93	1.74	2.02
Rural	1.31	1.34	1.28

Average: - Devon and Cornwall - 1.67

- England and Wales - 1.89

(Source: Census 1966).

57 Putting these points together we get a picture of a holiday resort as a place where the working force is mature and where there tend to be large numbers of retired people. Mature workers usually have families so there are also reasonable proportions of children. They are towns of small-scale service industries with much self-employment and this has attracted a net immigration of these mature workers. Other characteristics of employment also differ as between different types of area, but these will be discussed under Labour in Chapter 4. Holiday areas have good housing, although, perhaps oddly, car-ownership differs little from elsewhere. Urban holiday resorts are markedly more healthy than other areas.

CHAPTER FOUR

LABOUR

58 The holiday industry is largely a labour intensive industry and the problems arising from the seasonal nature of the trade, the small size of the units, the prevalence of self-employment and other characteristics make a discussion of its labour force of crucial importance. The present chapter discusses the problem in two parts. The first, based upon statistics from the Department of Employment and Productivity, concerns the impact of the holiday industry upon the labour force, employed and self-employed, in Devon and Cornwall and concerns such aspects as employment and unemployment. The second, based upon our Accommodation Survey, is a more detailed analysis of the labour force employed in accommodation and covering certain aspects of employment and self-employment which are not touched by the D.E.P. statistics.

THE DEFINITION OF THE INDUSTRY

59 Any discussion of the labour force in an industry necessitates defining the limits of that industry. Normally these are defined according to their main products, but this, as discussed in Chapter 1, is not possible in this case. Moreover, employment statistics are published on the basis of the Standard Industrial Classification and quite a number of categories in this Classification to a greater or lesser extent, serve holiday-makers, so that the labour force in them, particularly in summer, may be larger than it would be in the absence of holiday spending even though this increase may be small compared with total employment in the industry. What is needed, therefore, is to define a set of holiday orientated trades. Selection of such trades could be based on one or more of the following criteria:-

<u>General knowledge of the situation and holiday-makers' spending.</u> In this way we may feel confident that "hotels" in a resort cater largely for holiday-makers;

<u>Employment.</u> Where, for example, under otherwise similar conditions, employment, including self-employment, in certain industries is relatively higher in holiday than in non-holiday areas. (Unfortunately, figures do not exist to show seasonal employment directly according to the industry, hence this valuable indicator is not available);

<u>Unemployment.</u> Certain industries generate unemployment patterns reflecting the changes in labour demand, arising from the timing of holiday expenditure.

60 Care must be taken in adopting any of these but particularly unemployment because holiday expenditure is not the only generator of seasonal employment,

and because changes in seasonal employment are not necessarily complemented by changes in registered unemployment. Indeed, in many cases the direct impact of seasonal expenditure is much attenuated in its effect on the demand for local labour. A seasonal demand can be met:-

a. by working harder in summer,

b. by doing different tasks within an industry at different times, (e.g. cooking in summer and painting the hotel in winter),

c. by using labour employed in other industries at other seasons, (e.g. teachers, students, winter crop workers),

d. by the employment of people only needing work for part of the year, (e.g. semi-retired),

e. by importing labour from elsewhere,

f. by employment for only part of the year of people who would prefer all-year round work.

Only (f) gives rise to local off-season unemployment. The numbers who change the form of their economic activity are certainly far greater than those who actually register as unemployed. For example, the service industries normally associated with holiday expenditure give rise to much self-employment, and the seasonal pattern in this case is almost entirely met by (a) and (b) above. There is also a great deal of labour imported from other parts of the country, as will be shown below.

Problems of measurement

61 Even where it is possible to define the industry in terms, say, of certain Standard Industrial Classification orders, a number of problems of measurement still remain:-

1. Numbers of employees in each S.I.C. are published by the Department of Employment and Productivity for June each year. These figures include whole and part-time employees, but omit the self-employed. Information on the latter is available mainly from the Censuses, 1961 and 1966, but the Department has kindly supplied us with some additional figures extracted by them. The June count figures must be used with a number of reservations. Figures for employment by industry in individual employment exchange areas, as needed for the analysis below, were obtained from the Department's Employment Record II. Such figures are assembled in a complex manner, partly on the basis of National Insurance cards exchanged at this time and partly on information from employers. While this method gives accurate results for larger areas or categories say regions and industry groups, it is liable to considerable error when used for determining employment in an individual industry in a small area. This is partly due to the fact that the national insurance cards

exchanged are only a one-in-four sample of the whole, but other errors seem likely to arise where people are not employed for the whole year or are working in different parts of the country. In particular, it sometimes happens especially with mobile seasonal holiday-workers, that they may not have been working in the area where the card was exchanged and may, indeed, not actually have been working at the beginning of June at all. For our holiday trades the possible errors arising in these ways seem likely to be quite large. Furthermore, it is not possible from the June-count figures to distinguish part-time workers or those who work only part of the year.

2. Within any S.I.C. category, only a proportion of workers will be employed as a result of holiday expenditure. Sometimes, as for example in a holiday camp, a group of workers will all be so employed full-time, but others in the same S.I.C. category, say in a commercial hotel, will not be part of the holiday industry. In other cases, for instance, retail trade, large numbers of those engaged will spend part of their time serving holiday-makers and part serving residents. Any measure of the labour force in the industry may, therefore, refer to all those involved to more than a certain extent, or to a concept of the equivalent of so many full-time jobs.

3. The different sources available give inconsistent results.

4. For different purposes, various definitions might be relevant - for instance, it is useful to have a measure of the total importance of the industry based on the equivalent number of so many full-time jobs, whatever their nature. Alternatively, when discussing unemployment, it might be better to limit discussion to those industries where winter unemployment appears to arise from the seasonal pattern of holiday spending.

5. Unemployment figures are of "registered unemployed", that is, those who, at a given date, were "on the registers of employment exchanges or youth employment offices who were out of a situation (or not at work)". Many workers in holiday trades, particularly married women, do not so register. It can, of course, then be argued that they are not actively seeking work, but it is also possible to suggest that they may not bother to register if they are fairly certain that no work is to be had.

62 While it is necessary to warn the reader of such difficulties in definition and measurement, it must not be thought that the available figures are worthless. Where they show regular patterns, these are almost certainly a reflection of a true underlying position. On the other hand, where they show irregular and unexpected changes, these may well arise from the methods of collection. Under these conditions our procedure has been to use the Department of Employment and Productivity figures for employment and unemployment unchanged, and to explain any case where serious difficulties seem likely to arise. The latest year for which figures were available at the time of analysis was 1967.

63 Despite the existence of much self-employment in the holiday trades, the majority of the labour force in them is, in practice, employed. In this section we explore:-

a. the extent to which holiday areas differ from non-holiday areas in the employment they offer:

b. the changes in the balance as between "manufacturing", "other non-holiday" and "holiday" employment over the past few years:

c. the extent to which changes in manufacturing employment were related to those in the holiday industry:

d. the impact of short term changes in economic activity on employment:

64 For the purpose of this analysis and the following one of unemployment, the thirty-eight employment exchange areas have been divided into three groups on the basis of the proportion of employees in S.I.C. 884, Hotels and Catering, as described in Chapter 2. Within each group of areas, employment may be further sub-divided, first by sex and second by defining industries as "non-holiday" or "holiday", the holiday industries being eleven in number as listed below. The selection of these, while inevitably slightly arbitrary, has been made on the bases discussed in the last section. Some of them are more dependent upon holiday spending than others but each seems likely to be fairly significantly affected. It was necessary to make this allocation very early in the study and further research suggests that a small number of other industries, for instance the manufacture of soft drinks, might also have been candidates for inclusion. However, it was not practical to make later changes and limiting the study to this rather restricted set can be justified on the grounds that those industries which are only marginally dependent upon holiday spending are unlikely to have their employment characteristics affected by it.

65 The eleven holiday industries with their S.I.C. numbers are:-

702	Road passenger transport
707	Postal services and communications
820	Retail distribution
881	Cinemas, theatres, radio
882	Sport and other recreations
883	Betting
884	Hotels and catering
885	Laundries
887	Motor repairers, distributors, garages and filling stations
889	Hairdressing and manicure
906	Local government service.

Employee characteristics in holiday areas

66 Since our holiday areas have been chosen upon the basis of employment in one of the largest groups above, the areas will naturally differ as to the importance of holiday trades in total employment. The extent to which they do so is summarised in Table 14.

Table 14 EMPLOYMENT AT JUNE, 1967

	Males	Females	Total	Females as percentage of all employees
A Holiday Areas:				
Holiday trades (Nos)	20,365	21,011	41,376	50.8
Non-holiday trades (Nos)	30,920	14,527	45,447	32.0
Holiday trades as % of total	39.7	59.1	47.7	
B Semi-holiday Areas:				
Holiday trades (Nos)	10,878	9,710	20,588	47.2
Non-holiday trades (Nos)	32,668	13,673	46,341	29.5
Holiday trades as % of total	25.0	41.5	30.8	
C Non-holiday Areas:				
Holiday trades (Nos)	27,849	26,522	54,371	48.8
Non-holiday trades (Nos)	118,429	50,196	168,625	29.8
Holiday trades as % of total	19.0	34.6	24.4	

Based on: Department of Employment and Productivity Employment Record II.

67 In none of the three types of area does male employment in holiday trades exceed 40% of total male employment, although it does in a number of individual employment exchange areas. In holiday areas, female employment in these trades is nearly 60% of all female employment there. Furthermore, the percentage

of employees in the holiday trades who are female is higher in holiday areas than elsewhere. Inspection of the figures suggests that this is not so much a reflection of different opportunities of male or female employment, as of the varying relative importance of each of our eleven industries. If this latter effect is removed, as in Table 15, it would appear that holiday areas have a slightly higher proportion of males in the eleven industries than would be expected on a national basis, while semi-holiday and non-holiday areas have lower ones. This suggests that where other things are equal, a higher proportion of males will be employed in holiday industries in holiday areas than elsewhere, possibly as a result of lack of other male employment opportunity.

Table 15 MALE EMPLOYMENT AS A PROPORTION OF TOTAL EMPLOYMENT IN HOLIDAY TRADES BY TYPE OF AREA, 1967.

Area	(i) Expected Male Proportion	(ii) Actual Male Proportion	(ii) - (i)
Holiday	46.8	47.7	+ 0.9
Semi-holiday	53.4	50.5	- 2.9
Non-holiday	54.7	50.3	- 4.4

Expected proportions are based on that which would exist if in each of the eleven S.I.C. categories in the area the proportion of males was the same as that in the same category in England and Wales.

68 Table 16 shows a more detailed division within the eleven categories. Only three, 820 Retail Distribution, 884 Hotels and Catering and 906 Local Government, are quantitatively important, and in the case of the first and last the holiday component is relatively small, although they both show quite marked seasonal unemployment patterns. In total, however, the others also provide a considerable amount of employment in the area. In addition, they reflect the diverse nature of much holiday expenditure.

Table 16 EMPLOYMENT IN HOLIDAY TRADES, JUNE 1967. (MALE AND FEMALE).

	A	B	C	A	B	C
	(Holiday) Areas (Numbers)	(Semi-holiday) Areas (Numbers)	(Non-holiday) Areas (Numbers)	Percentage of total employment in area.		
Total Employment	86,823	66,929	222,996	100.0	100.0	100.0
Total Employment in Selected Holiday Trades	41,376	20,588	54,371	47.7	30.8	24.4
702 - Road passenger transport	1,471	784	2,711	1.7	1.2	1.2
707 - Postal services and communic - ations	1,235	804	1,865	1.4	1.2	0.8
820 - Retail distribution	12,202	7,261	22,769	14.1	10.8	10.2
881 - Cinemas, theatres, radio	562	250	782	0.6	0.4	0.4
882 - Sport and other recreation	790	141	502	0.9	0.2	0.2
883 - Betting	202	23	271	0.2	0.0	0.1
884 - Hotels and catering	16,500	4,062	6,415	19.0	6.1	2.9
885 - Laundries	985	551	1,511	1.1	0.8	0.7
887 - Motor repairs, etc.	2,283	2,191	6,466	2.6	3.3	2.9
889 - Hairdressing and manicure	825	445	1,299	1.0	0.7	0.6
906 - Local government	4,321	4,076	9,780	5.0	6.1	4.4

(Source: Department of Employment and Productivity - Employment Record II).

69 The most important industry in the group is that on which the classification of employment exchange areas was based, namely S.I.C. 884, Hotels and Catering. Naturally, having used this as a basis for division, the different types of area will differ in the proportion of employment in this category. However, the A areas, in particular, are very varied in this respect. Employment figures are for June each year, near but not at the peak of the holiday season. At this time in 1967, Ilfracombe and Newquay each had over 30% of their employees in hotels and catering. Torquay and Brixham were the only two other areas to top 20%. Some of the holiday areas are "diluted" by having non-holiday areas within the exchange area. For instance Honiton/Sidmouth had 11% in hotels and catering, although the percentage for Sidmouth alone would certainly be much higher. Plymouth and Exeter had only 3.0% and 3.2% respectively, little above the national average of 2.5%, thus showing that their economies rely rather little upon accommodating visitors, even if they receive holiday expenditure of other sorts.

70 The next most important industry is retail distribution which shows quite a marked seasonal pattern in unemployment and which undoubtedly has a seasonal employment pattern, although it is not possible to show this statistically. This industry has, like hotels and catering, much self-employment. The inclusion of local government here may seem curious, but local authorities provide many services for holiday-makers and this produces a winter up-swing in unemployment which is quite marked, despite being small compared with total numbers employed. The numbers employed in local government in any exchange area are, of course, much influenced by the siting of important units such as county council headquarters.

71 It can be seen that in almost every case, employment in each of our eleven industries forms a higher proportion of total employment in holiday areas than elsewhere. An important exception is S.I.C. 887, Motor Repairs, Garages, etc. The location of garages seems to be more influenced by other factors, such possibly as the siting of main roads, a fact confirmed later in this chapter and also in the analysis of the rating returns in Chapter 8.

Recent employment changes

72 Between 1961 and 1965 total employment in Devon and Cornwall increased in all types of area. This rise was continued between 1965 and 1966, but 1967 saw, in many cases, a slight fall. The period 1965 - 66 - 67 therefore, shows a small peak of activity, while the more general trend can be better assessed by examining changes in the period 1961 - 1965 so avoiding the complicating changes of 1965 - 1967. The latter have been used in the next section which discusses short-term changes reflecting a number of influences during that period.

Table 17 PERCENTAGE CHANGES IN TOTAL EMPLOYMENT 1961 - 1965

	Devon and Cornwall				Great Britain
	A Holiday areas	B Semi-holiday areas	C Non-holiday areas	Total	
Total	+ 9.11	+ 2.61	+ 6.70	+6.49	+ 4.12
Holiday trades	+11.57	+ 1.13	+ 4.70	+8.31	+ 7.52
of which S.I.C. 884 Hotels and Catering	+24.37	+11.26	+ 2.52	+16.23	+ 8.93
Non-holiday trades	+ 7.02	+ 3.31	+ 7.35	+6.57	+ 3.21
of which Orders III to XIV, "manufacturing"	+ 5.51	-11.11	+ 7.96	+5.10	+ 0.61

(Source: Department of Employment and Productivity - Employment Record II, 1961 & 1965).

73 The main changes are shown in percentage form in Table 17. During this period employment in Devon and Cornwall grew about one and a half times as fast as employment in Great Britain as a whole. However, within the two counties, this change was rather unevenly spread, employment in holiday areas increasing by over 9% as against 6½% in non-holiday areas and only 2½% in semi-holiday areas. This last figure was, however, markedly influenced by the position in Falmouth where employment in manufacturing, mainly ship-building, fell from 3,244 in 1961 to 2,127 in 1965, although by 1967 it had recovered as far as 2,990. This change formed quite a large proportion of that in the group total for semi-holiday towns, but, even omitting Falmouth, the growth of employment in semi-holiday areas was slower than in either non-holiday or holiday areas. Between 1965 and 1967 the growth of employment in certain individual semi-holiday areas, notably Barnstaple, Bideford, Exmouth and Falmouth went some way towards removing this discrepancy, but, even so, growth in these areas still lagged behind that of the other two. Over the longer period between 1961 and 1967 growth in total employment was:-

Holiday areas	8.49%
Semi-holiday areas	3.29%
Non-holiday areas	6.75%

74 This growth of employment in holiday areas was shared widely between different employment exchange areas (see Appendix 2). Growth in semi-holiday areas seems, as suggested above, to have been concentrated in certain employment exchange areas where manufacturing employment, in particular, increased. Elsewhere changes were small. Non-holiday areas again showed very uneven growth rates, the major portion of the total increase in employment being in Exeter, Plymouth, St. Austell and Redruth/Camborne.

75 The industries in which growth of employment occurred also varied as between different areas. Between 1961 and 1965, employment in our eleven holiday trades increased by 11½% in holiday areas, and in hotels and catering by itself, by over 24%. These rates were proportionately far greater than those of holiday trade employment in other areas. In contrast, growth in non-holiday trades, if one allows for the exceptional position in Falmouth, was fairly even as between different individual employment exchange areas.

76 As a result of these changes, employment in holiday areas became a marginally more important part of total employment in the area (Table 18).

Table 18 EMPLOYMENT IN HOLIDAY AREAS AS A PERCENTAGE OF TOTAL EMPLOYMENT IN DEVON AND CORNWALL

1961	22.6%
1965	23.2%
1966	23.2%
1967	23.1%

(Source: Department of Employment & Productivity - Employment Record II).

At the same time, the holiday areas came to depend more upon employment in holiday trades, while the reverse was true in the other areas (Table 19).

Table 19 HOLIDAY TRADE EMPLOYMENT AS A PERCENTAGE OF TOTAL EMPLOYMENT

	1961	1965	1966	1967
Holiday areas	45.8	46.8	47.5	47.7
Semi-holiday areas	32.2	31.8	31.3	30.8
Non-holiday areas	24.9	24.4	24.5	24.4

(Source: Department of Employment & Productivity - Employment Record II).

77 Such changes are consistent with the spread of the holiday industry along coastal areas, since the holiday employment exchange areas are widely defined and include most of the coastal strip. The increase in holiday trade employment, and particularly in hotels and catering, occurred in the face of a relatively stable number of holiday-makers entering the area and of considerable change towards less labour-intensive forms of accommodation. It would seem to reflect both the improvement in quality which occurred, necessitating an increase in employment greater than the decrease allowed by the other changes, and possibly a movement away from self-employment towards employment in this industry. There is, however, little direct evidence for the latter, which might in any case, be essentially technical in the sense that in family establishments certain members of the family might be made employees. It could also be due to the replacement of full-time workers by larger numbers of part-time workers. Again evidence is unavailable.

Manufacturing and holiday employment

78 The changes over the longer period, 1961 to 1967 were also analysed to see whether it was possible to detect any association between the changes in employment in manufacturing and those in holiday trades, represented here by hotels and catering (S.I.C. 884). Three possibilities may be considered:-

a) that changes in employment in the two categories are independent;

b) that there are areas of general growth or lack of it, in which case we should expect increases in manufacturing employment to be associated with those in holiday employment;

c) that growth in manufacturing employment counters in some way growth in holiday employment or vice versa, in which case we should expect that high increases in manufacturing employment would be associated with decreases or lower increases in holiday employment.

The hypotheses here were that such changes were associated either with the proportion of employment in S.I.C. 884 existing at the beginning of the period, or, that such changes were associated with the proportion of employment in manufacturing, S.I.C. Orders III - XVI, at the beginning of the period.

79 These associations proved to be rather complex, so that a somewhat sophisticated type of analysis had to be evolved. This is explained in more detail in Appendix 3, but is basically as follows. For each employment exchange area we calculate the growth in the rate of employment in both S.I.C. 884 and in manufacturing between 1961 and 1967. The mean value of these growth rates is then found and the individual growth rates are expressed as a difference from this mean. That is, if the average growth ratio is 1.446, then an area whose rate was 1.346 would have a value of - 0.100 and one whose ratio was 1.546 would have a value of + 0.100.

80 If we multiply the resultant figure for manufacturing by that for hotels and catering it is possible to separate our three conditions because:-

a) If changes in employment in the two categories are independent these products will be positive or negative with equal frequency.

b) In areas of general growth, both figures will be positive and in those of lack of growth both will be negative. In either case the product will be positive.

c) If growth in one industry is countering that in the other, the one figure will be positive and the other negative, so that the product will be negative.

It is, therefore, necessary to identify the conditions under which the products are predominantly positive or negative.

81 These products are plotted in Diagrams 4 and 5 against, first the percentage of employees in S.I.C. 884 and then the percentage in manufacturing. In each case we find that:-

i) There are no conditions where both industries predominantly grew together at either above or below average rates. The employment exchange areas where this happened and the product was positive are scattered widely throughout the diagrams.

ii) There are two conditions under which interaction effects, that is negative products, predominate. These are:-

    a) areas where manufacturing employment is below about 7% of total employment; and

    b) areas where employment in S.I.C. 884 is between 6% and 12½% of total employment. This latter roughly corresponds to our semi-holiday areas.

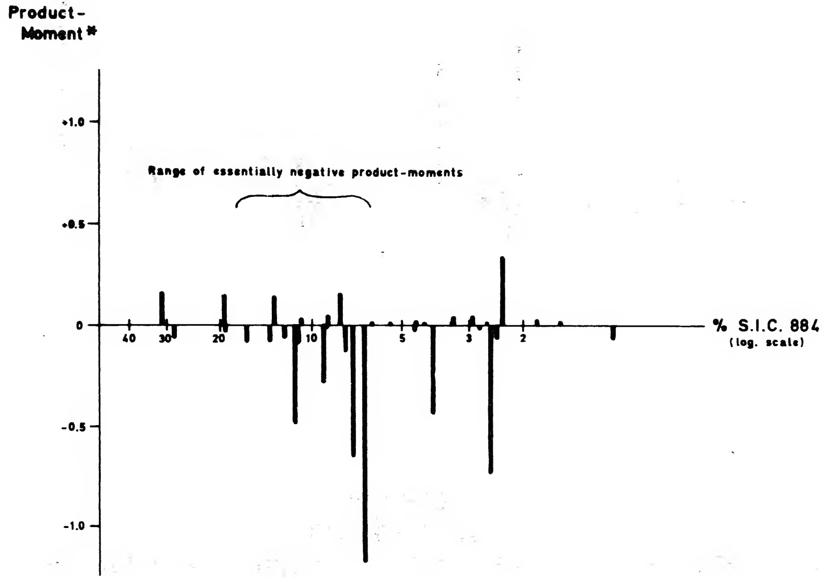
iii) Elsewhere there appears to be no connection between growth rates in the two industries.

It would thus appear that in semi-holiday areas with little manufacturing employment, rapid growth in employment in hotels and catering between 1961 and 1967 was associated with a slow rate of growth in manufacturing and vice-versa. Under other conditions, that is, both in holiday and non-holiday areas, once a certain level of manufacturing employment has been reached, any interaction tended to disappear and growth in the one industry appears to have been unaffected by growth in the other.

82 There does not seem to be any general economic reason for this state of affairs. One possibility is that when an area grows economically, specialisation may increase and thus one sector may expand while another declines. Such specialisation may be beneficial. It is possible that holiday areas and non-holiday areas are relatively stable as far as specialisation is concerned but that semi-holiday areas are tending to specialise more in one or other direction. Thus, what we have called interaction is not necessarily a positive effect in that one type of economic activity tends to frustrate another. It may be merely a manifestation of natural economic tendency towards specialisation and under

Diagram 4

INTERACTION BETWEEN "MANUFACTURING" AND "HOTELS AND CATERING" EMPLOYMENT (1961 - 1967)

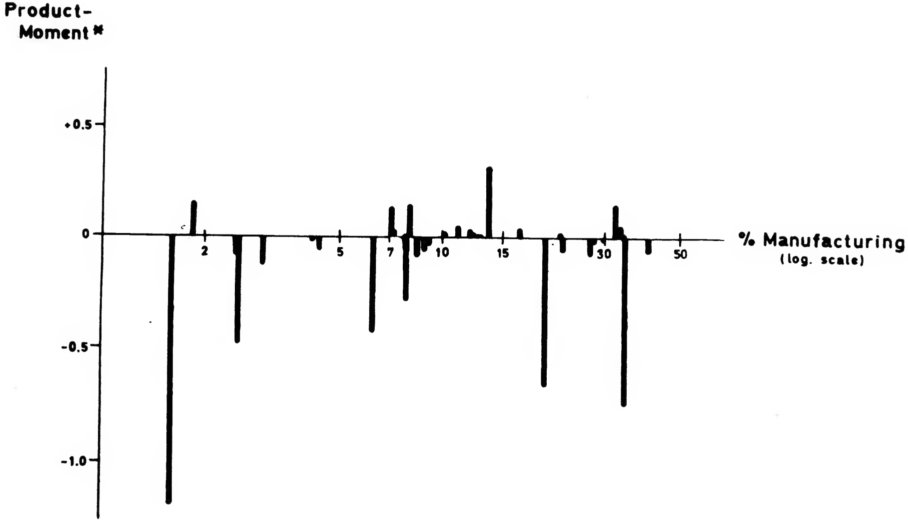


* For explanation see text. Negative product-moments indicate that one type of employment was increasing at above average rate, the other below. Positive moments indicate that either both increases were above average or both below.

G.B.

Diagram 5

INTERACTION BETWEEN "MANUFACTURING" AND "HOTELS AND CATERING" EMPLOYMENT (1961-1967)



* For explanation see text and Diagram 4.

G.B.

certain conditions, the numbers in employment in one industry will be tending to increase most rapidly where those in another decrease and vice versa.

Short-term employment changes 1965 - 1967

83 Between 1965 and 1966 there was a general rise in economic activity in the United Kingdom which resulted in more people being in employment in the latter year in most areas and most industries. However, late 1966 saw considerable measures of economic restraint including the imposition of S.E.T. As a result, in many cases employment in 1967 was lower than that in 1966. These changes in employment throw some light upon the sensitivity of various sectors of the economy of Devon and Cornwall to changes in general economic activity. However, it must be stressed that changes such as these over single years may also arise from the inevitable inaccuracy in the statistics or from specific local changes. This gives rise to much irregularity in the figures, but, despite this, certain patterns seem to emerge, as can be seen in Table 20:-

a) non-holiday areas showed a smaller upward and downward movement than holiday or semi-holiday areas, although for total employment of males the difference was not great.

b) female employment changed markedly more than male employment in almost every case.

c) for males, holiday trades seem to have been less sensitive to the fluctuation than non-holiday trades, while for females the reverse was the case. Indeed, male employment in holiday trades continued to rise in 1966/67 whereas in non-holiday trades it fell, despite the growth of employment in manufacturing in certain areas noted in the last section. This change is, perhaps, unexpected, since the intention of S.E.T., imposed in September 1966 was stated to have been the reduction of employment and particularly male employment, in the sort of industries which comprise the eleven holiday trades.

84 It would seem that the main impact in Devon and Cornwall of these short-term changes in economic activity was in the field of female employment and that for females holiday trades were affected to a greater extent than non-holiday ones. For male employment the reverse was the case and male employment in the holiday trades seems, in this instance, to have been very resilient in the face of economic restraint.

Table 20 PERCENTAGE CHANGES IN EMPLOYMENT 1965 - 1966 and 1966 - 1967

	Males		Females	
	1965/66	1966/67	1965/66	1966/67
<u>Total Employment</u>				
Holiday areas	+ 0.93	- 1.33	+ 2.78	- 3.46
Semi-holiday areas	+ 1.63	- 1.29	+ 6.42	- 4.81
Non-holiday areas	+ 0.43	- 0.69	+ 1.46	- 0.78
<u>Holiday Trades</u>				
Holiday areas	+ 1.46	+ 1.15	+ 4.87	- 4.87
Semi-holiday areas	- 2.31	+ 0.42	+ 5.89	- 8.68
Non-holiday areas	+ 0.06	+ 0.96	+ 1.90	- 3.08
<u>Non-holiday Trades</u>				
Holiday areas	+ 0.60	- 2.91	- 0.20	- 1.34
Semi-holiday areas	+ 2.98	- 1.85	+ 6.82	- 1.85
Non-holiday areas	+ 0.52	- 1.07	+ 1.03	+ 0.65

(Based on Department of Employment and Productivity figures)

(For actual figures see Appendix 4).

85 It is perhaps worth noting at this point, that any industry whose product is income elastic, that is to say one where demand is likely to increase fastest under conditions of increasing incomes, is also liable to be one which is most sensitive to short-term changes in incomes. Any area seeking growth industries is likely to have to accept a higher degree of fluctuation in economic activity in response to the fluctuating incomes in the country as a whole which generate the demand. As far as Devon and Cornwall are concerned, between 1961 and 1967 the holiday industry seems to have been reasonably income elastic in that as incomes increased over this period, the numbers employed in the industry grew

relatively fast. On the other hand, it does not seem to have been much affected by the reduction in the growth rate of money incomes in 1966/7. This, however, may be only a once-for-all phenomenon, and in any case it is as yet too early to draw any conclusions about the likely effects of national policies to restrain the growth of money incomes upon the growth in holiday employment.

SELF-EMPLOYMENT

86 Self-employment is of particular importance in the holiday industry, but its quantification presents some difficulty. Figures for self-employment are available from the 1961 Census where the total given for Devon and Cornwall was 72,000. It is not possible to divide the self-employed persons directly according to the industry in which they worked, although this has been done by the General Register Office for those industries where self-employment is important for the South West region, and for the main orders of the Standard Industrial Classification for each county. Table 21 is based upon this information, on the assumption that the number of self-employed within Devon and Cornwall for each industry forms the same proportion of self-employment in the region as for the Order in which it is placed. Thus, in Devon and Cornwall, 40.5% of workers in Order XX, Distributive Trades, were self-employed, and it was assumed that this proportion held for Retail Distribution. In one case, namely in Hotels and Catering, this was clearly untrue, so an estimate based on the study's Accommodation Survey was used. This results in a small inconsistency in the figures; the total number of self-employed using the new estimate being just over 74,000 as against 72,000 in the original figures. It is not possible to reconcile this difference but it is not significant in the overall picture.

87 The main fields of self-employment were:-

Agriculture

Construction

Retail distribution

Professional and scientific services

Hotels and catering.

It was also relatively important, although the numbers involved were small, in :-

Road passenger transport

Wholesale distribution

Cinemas, theatres, radio

Sport and other recreations

Betting

Motor repairs, etc.

Hairdressing.

Table 21 1966 EMPLOYMENT ESTIMATES FOR DEVON AND CORNWALL (including self-employed and those registered as unemployed)

S.I.C. No.	Industries	Employees VI.1966 M.o.L.	Self-employed Census 1961 (1)	Total	% Self-employed
001-3	Agriculture, forestry, fishing	19,68	28,53	48,21	59.2
211-499	Manufacturing	79,49	2,54	82,03	3.1
500	Construction	36,96	5,66	42,62	13.3
601-603	Gas, water, electricity	10,13	-	10,13	-
702*	Road passenger transport	4,95	,39	5,34	7.3
707*	Postal services and communications	3,85	-	3,85	-
810	Wholesale distribution	7,48	,64	8,12	7.9
820*	Retail distribution	43,69	13,37	57,06	23.4
860	Insurance, banking, finance	10,10	,53	10,63	5.0
871-9	Professional and scientific services	47,36	5,50	52,86	10.4
881*	Cinemas, theatres, radio, etc.	1,80	,12	1,92	6.25
882*	Sport and other recreations	1,55	,34	1,89	18.0
883*	Betting	,38	,17	,55	30.9
884*	Hotels, catering, etc.	27,27	(6,42) 8,70	(33,69) 35,97	(19.1)(2) 24.2
885*	Laundries	3,21	,07	3,28	2.1
887*	Motor repairs, etc.	11,14	1,92	13,06	14.7
889*	Hairdressing	2,63	1,22	3,85	31.7
906*	Public administration	16,26	-	16,26	-
	Other industries not specified above	53,55	3,88	57,43	6.8
	Not specified by respondents	,62	,63	1,25	50.4
			(71,93)	(454,03)	
		382,10	74,21	456,31	16.3

Notes: Numbers have been given as in 1966 Census, that is to say on a 10% sample basis, i.e. 2,63 indicates that 263 people of this sort were found and that, therefore, there are 2,630 in the population.

(1) Except for S.I.C. 884, where Survey figure of 8,70 has been used, 8,07 for establishments with accommodation, 0,63 for catering establishments without accommodation.

(2) Figures in brackets are those based on the Census, figures without brackets, which have been used in further analysis, are based on the Study's Accommodation Survey.

* Holiday trades

Of these industries, retail distribution and hotels and catering in the first group, and all the second group except wholesale distribution, are included in our eleven trades in the preceding section, chosen because their labour force characteristics seem to be influenced by holiday spending.

88 Total self-employment in the eleven holiday trades was 26,300 or 35% of all self-employment in the two counties. A large proportion of the remainder, 28,530, was in agriculture, forestry and fishing, and this formed 38% of the whole. In the latter case, self-employment formed 59% of total employment and this was far greater than in any of the holiday trades in which in combination self-employment formed some 18% of total employment. Thus, while self-employment in the holiday industry is an important element in the economic activity of the two counties, it is not nearly so important as in agriculture and this must be kept in mind during the rest of this section where consideration is limited to the position in relation to the holiday industry.

89 The association of the holiday industry with self-employment is also reflected in Table 22, where it can be seen that self-employment outside the other main self-employment fields of agriculture and the professions is more important in holiday areas than elsewhere.

Table 22 NUMBER PER THOUSAND OF ECONOMICALLY ACTIVE MALES IN SOCIO-ECONOMIC GROUP 12 (OWN ACCOUNT WORKERS, OTHER THAN PROFESSIONAL) (1961)

	X	Y	Z
Urban	74	56	42
Rural	75	52	34

(Source: 1961 Census - Occupation and Economic Activity tables, Devon and Cornwall)

90 The extent of self-employment in the holiday industry would seem to arise from three main causes:-

a). the seasonal nature of the work which has made recruitment of employee labour difficult, but is acceptable to the self-employed;

b). the small size of the units involved and the fact that individuals can often provide sufficient capital to finance a unit, hotel or camp site, by themselves;

c). the comparatively simple entrepreneurial and technical skills involved.

91 No figures in detail comparable to that given in Table 21 for 1961, are available for 1966. However, between these two years, two features are important:

(i) Immigration into the area seems to have been more than proportionately into self-employment. The evidence for this rests upon the Migration Tables from the 1966 Census, a note of caution on whose use is given in Chapter 3. Table 23 shows the extent to which immigrants between 1961 and 1966 reported themselves as being self-employed in the latter year. Some of the groups used include "managers", because unfortunately figures for the self-employed by themselves are not available. Since one-third of net immigration of economically active persons was into the industry group Miscellaneous Services, in which most holiday enterprises are found, it is fairly certain that the holiday industry and its associated self-employment are potent forces in stimulating net inward migration into the area.

Table 23 MIGRATION OF SELF-EMPLOYED WORKERS (MALES): DEVON AND CORNWALL, 1961 - 1966

Socio-economic group	Gross immigration (A)	Gross emigration (B)	Net immigration (A - B)	Net immigration as % of population in S.E. group
I Employers, managers large establishments	2,070	1,520	55	6.2
II Employers, managers small establishments	3,950	1,980	1,970	7.9
III Professional workers, self-employed	690	390	300	8.0
XII Own account workers	2,520	610	1,910	11.4
Total economically active	36,550	27,950	8,600	2.5

(Source: Sample Census 1966, Migration Regional Report, S.W. Region)

(ii) There were interesting changes in the structure of self-employment and these differed markedly between the two counties (Table 24). In general, there was an increase over the five years in the number of males' self-employed with employees' and a fall in the number 'self-employed without employees'. The former was, however, entirely due to decreases in Devon. In the case of women, the increase in the first category was proportionately larger, the total for the two counties

doubling over the period. These changes are surprisingly large. Moreover the wording of the relevant question in each Census was the same, so it is unlikely to have arisen from a different interpretation on each occasion.

92 It is not clear how far these changes were related to the holiday industry, but coupled with the information on migration above, it would appear that the net inflow of those who entered Devon to take up self-employment was more than counterbalanced by the number of those already present who left self-employment, either on retirement or to seek employee status.

Table 24 CHANGES IN THE NUMBERS OF SELF-EMPLOYED IN DEVON AND CORNWALL 1961 - 1966

	Number of persons 1961		1966		% Change	
	Male	Female	Male	Female	Male	Female
<u>Cornwall</u>						
Self-employed with employees	9,160	1,330	6,810	1,430	-25.7	7.5
without employees	12,890	2,590	11,860	2,980	- 8.0	15.1
Total	22,050	3,920	18,670	4,410	-15.3	12.5
<u>Devon</u>						
Self-employed with employees	17,340	2,650	21,550	6,580	24.3	148.3
without employees	20,850	5,210	12,570	2,890	-39.7	-44.5
Total	38,190	7,860	34,120	9,470	-10.7	20.5
<u>Devon and Cornwall</u>						
Self-employed with employees	26,500	3,980	28,360	8,010	+ 7.0	101.3
without employees	33,740	7,800	24,430	5,870	-27.6	-24.7
Total	60,240	11,780	52,790	13,880	-12.3	+17.8

(Source: <u>Census 1961: Occupation, Industry Socio-economic groups, Devon and Cornwall</u>.

<u>Census 1966: Economic Activity - County Leaflets, Devon and Cornwall</u>.)

Table 25 PERCENTAGE OF ECONOMICALLY ACTIVE PERSONS WHO WERE SELF-EMPLOYED DEVON AND CORNWALL, 1966, COMPARED WITH GREAT BRITAIN

	Males	Females
Percentage of economically active who were self-employed in:-		
Cornwall	18.7	9.8
Devon	14.3	7.8
Devon and Cornwall	15.5	8.3
Great Britain	7.7	4.0

(Source: Sample Census 1966).

93 To summarise the position, self-employment in Devon and Cornwall is twice as important as it is in Great Britain in general (Table 25). This is largely due to the importance of agriculture in the area, but the holiday industry is also a major factor. Over the past few years, self-employment has been of a slightly declining importance for males, but for females the reverse is true. In addition, self-employment has come to mean more those who employ others and less those who work entirely by themselves. This may partly reflect the institutional fact, mentioned above, that those who were previously family workers may now be insured as employees in order to gain the advantage of social security benefits and so on, although, since 1966, the imposition of S.E.T., a tax specifically on employees, may have reduced this trend. It may also reflect the increasing size of the average establishment, although again this remains very small.

94 Having combined employment and self-employment figures, it is now possible to attempt some measure of the dependence of the economy of Devon and Cornwall on the holiday industry in terms of the labour force involved. It must be stressed first that any such assessment rests upon some fairly heroic assumptions. Second, the estimates do not refer to a number of men and women fully employed within this industry, as is the case with those employed in industries as defined under the Standard Industrial Classification. Owing to the way in which the estimates have had to be made, they refer to:-

a) a number of jobs on a card-holder basis, that is on the basis of those whose national insurance cards were renewed in June, but who may or may not have worked the whole year round. Also they will, like all D.E.P., figures based on the card-count, inevitably refer to both full and part-time workers.

b) equivalent card-holder jobs, in the sense that if two workers, say in retail trade, work half for the holiday-makers and half for residents, then the method of estimation used here will give only one job.

95 That is to say, the estimates are based on:-

i) the number engaged in the main S.I.C. categories affected, both employed and self-employed, the former on a card-count basis, and,

ii) some assessment of that proportion of employment within each S.I.C. category which depends upon holiday spending.

For example we estimate that the total number of employed and self-employed in S.I.C. 881, Cinemas, Theatre, Radio, etc., in 1966 was 1,920 and that the proportion of this employment which depended upon holiday spending was .43 or 43%. Thus the amount of employment which arose from holiday spending was 1,920 x .43 or 830. That is to say, the equivalent of 830 jobs in the industry depended upon holiday spending, although one could neither identify 830 workers by saying that certain specific workers owed their jobs to the holiday industry, nor that 43% of each of the 1,920 workers' time was spent in serving holiday-makers. The proportions or coefficients have been estimated in a number of ways, the details of which are given in Appendix 5. The values for the main industries involved, together with total employment, that is employees plus self-employed, and the amount of employment attributed to the holiday industry on the basis above, are shown in Table 26. On this basis the total number of job equivalents provided by the holiday industry would appear to be about 54,000 or some 12% of total employment and self-employment in the area. (We have used a number of other methods of estimating this rather important aggregate. Naturally for something so loosely defined differences will arise, but on the whole different methods lead to strikingly similar answers). This total is slightly less than the D.E.P., count of those engaged in retail distribution and slightly larger than that of the numbers engaged in agriculture or in professional services. It is also less than in manufacturing, but the figure for the latter in the table comprises a large number of varied industries in combination; indeed all industry orders from III to XIV inclusive.

Table 26 1966 EMPLOYMENT ESTIMATES FOR DEVON AND CORNWALL (INCLUDING SELF-EMPLOYED AND THOSE REGISTERED AS UNEMPLOYED).

S.I.C. No.	Industries	Total	Ind. Share	Attributed to Holiday Industry
001 - 3	Agriculture, forestry, fishing	48,21	.044	2,12
211 - 499	Manufacturing	82,03	.003 (1)	,25
500	Construction	42,62	.05	2,13
601 - 603	Gas, water, electricity	10,13	.099	1,00
701	Rail transport	6,37	.15	,96
702 *	Road passenger transport	5,34	.29	1,55
707 *	Posts and telecommunications	3,85	.14	,54
810	Wholesale distribution	8,12	.15	1,22
820 *	Retail distribution	57,06	.15	8,56
860	Insurance, banking, finance	10,63	.055	,58
871	Professional and scientific services	52,86	.01	,53
881 *	Cinemas, theatre, radio, etc.	1,92	.43	,83
882 *	Sport and other recreations	1,89	.42	,79
883 *	Betting	,55	.22	,12
884 *	Catering, hotels, etc.	35,97	.80	28,78
885 *	Laundries	3,28	.22	,72
887 *	Motor repairs, etc.	13,06	.148	1,93
889 *	Hairdressing	3,95	.18	,70
906 *	Local government service	16,26	.04	,65
	Other industry not specified above	51,06		
	Not specified by respondent (2)	1,25		
	Total	456,31		53,96
				11.8%

(1) Brewing .11, other 0.0

(2) In Census 1961, on which self-employed component is based.

* Eleven holiday trades.

96 12% may not at first glance, seem large, but a high percentage of employment in any economy is always in the production of goods and services for local use - 12% dependency on one expenditure flow is, in fact, very considerable, particularly when this flow is largely an export flow in the sense that the money is coming from ouside the area.

Dependence of individual industries

97 While one industry, 884, Hotels and Catering, depends very largely on holiday expenditure - the proportion here is one of the more difficult to estimate, but it is certainly high - few other major industries rely to the extent of over 10% of their labour force on holiday expenditure. Exceptions are retail trade and road passenger transport. In addition, one or two small industries appear to rely fairly heavily upon it. The reason for this is that, with the exception of payments for accommodation, holiday expenditure is spread over a wide range of goods and services. Thus, while relatively few industries depend largely upon it, many benefit to some extent. The figure of 12% relates to the two counties as a whole. Chapter 2 discussed how holiday expenditure was relatively concentrated in certain parts of the two counties and in these parts a very high proportion of employment and self-employment must depend upon holiday spending. Whether such a dependence is good or bad will be discussed in Chapter 11.

The effect of additional holiday-makers

98 Many of the estimates of the degree of dependency of individual industries on holiday spending used above were based on a wide range of sometimes rather subjective findings. However, in some of the more important cases a slightly more positive method was available, which also allows an estimate to be made of the additional employment which would arise in these industries from increased numbers of holiday-makers. The method used here is only likely to be effective in cases where holiday spending is important to the trade. Indeed, it does not work effectively for all those industries for which it was attempted, only being successful in the case of nine out of our eleven holiday trades.

99 The method used is to assume that the number of employees in each S.I.C. category would be the sum of:-

i) the number needed to serve the resident population on the basis of a constant number per 1,000 residents, plus

ii) the number needed to serve holiday-makers on the basis of a separate number per 1,000 holiday-makers,

the method of estimation being by a regression analysis.

100 The number of holiday-makers in each employment exchange area is not known, but the assumption is made that it forms a constant multiple of the number of employees in S.I.C. 884. The total number of holiday-makers at the height of the season was taken as 429,000, and the number employed in S.I.C. 884 in 1966, 27,274, a ratio of roughly 15:1. This use of S.I.C. 884 to double for the number of holiday-makers can only be a rough approximation, but it is the best which we can offer for employment exchange areas. It also means that the method cannot be used for estimating the number of additional workers who would be employed in S.I.C. 884 itself due to an increase in the number of holiday-makers. However, this latter, as is discussed below, is highly dependent upon the form of accommodation used. In one category, S.I.C. 883, Betting, the numbers were too small to make the regression worth estimating.

101 The results of the regression analysis are shown in Table 27. In six of the nine cases, road passenger transport, retail distribution, cinemas, theatres, etc., sport and recreation, laundries and hairdressing, highly significant relationships were obtained. In two cases, postal services and telecommunications, and local government, a regression coefficient was obtained, but the introduction of the holiday-makers' component to the equation gave a result which was not "significant" in the statistical sense. In the last case, motor repairs, filling stations, etc., the introduction of holiday-makers appeared to reduce the numbers employed. To this must be added information on employment presented earlier in this chapter and on rates in Chapter 8, both of which suggest that the siting of garages and hence of employment in them, is determined by other things than holiday accommodation. In each of the other industries, holiday-makers seem to create significant amounts of employment, the major portion, half of the total, being in retail trade. It must be noted that these figures are for employees and, hence, not comparable with those for "numbers engaged" in Table 26.

102 This cross section analysis, despite its imperfections, offers a number of useful pieces of information. First, it gives the estimates, used in the last section, of the proportion of the labour force which arises from holiday spending in some of the S.I.C. categories most affected. These proportions are essentially "marginal" and not "average", but there is no strong reason for supposing that marginal and average values vary much. It suggests that in certain categories a quite high proportion of employment is dependent on holiday spending, particularly in the field of amusement. It must be remembered, however, that these are June figures, and many of the jobs registered may be seasonal.

103 Second, it gives an estimate of the effect on employment of the arrival of more holiday-makers at the height of the season. If holiday-makers come off-season, they probably have little effect on the June labour figures although, doubtless, they would create more employment at other times. Within the S.I.C. groups used in Table 27 an extra 1,000 holiday-makers would add 27 employees. To these must be added some estimate for S.I.C. 887, the figure suggested here being four, and for S.I.C. 884, Hotels and Catering. In the latter case, any additional employment will vary widely according to the type of accommodation used. This can be seen from the last section of this chapter, from which the figures below are taken. If the new accommodation were to take the form of large hotels, it might add a further 500 employees; if it were in smaller hotels, or in the more sophisticated chalet sites, a further 250; if the additional visitors were to use tents or bed and breakfast accommodation, there would be only a very small

Table 27 EMPLOYMENT (EXCLUDING SELF-EMPLOYMENT) IN CERTAIN S.I.C. CATEGORIES GENERATED BY HOLIDAY EXPENDITURE

		Number employed per 1,000 resident population	Number employed per 1,000 holiday-makers	Total employment generated by holiday-makers	% of total Employees
S.I.C. 702	Road passenger transport	4.8	3.4	1,451	29.3
S.I.C. 707	Postal service and telecom-munications	2.0	1.2	532	13.8
S.I.C. 820	Retail distribution	42.7	15.0	6,445	14.8
S.I.C. 881	Cinemas, etc.	1.4	1.8	782	43.5
S.I.C. 882	Sports and recreations	0.9	1.5	661	42.5
S.I.C. 885	Laundries	2.8	1.7	721	22.4
S.I.C. 887	Motor repairs, etc.	(11.0)	(-0.5)	(-193)	
S.I.C. 889	Hairdressing	2.0	1.1	464	17.6
S.I.C. 906	Local government	13.8	1.7	717	4.0
Total*		70.4	27.4	11,773	
S.I.C. 884	Hotels and catering		59.1	25,390	
				37,163	

* Numbers in parenthesis omitted.

<u>Note</u>: Figures are based on 1966 Employment returns.

increase in the number of employees, but possibly a significant increase in the number of self-employed, even if small compared with the figures above.

104 It has not been possible to consider how far increases in different forms of accommodation would affect employment in other industries. Clearly this could be of some importance. For example, increases in self-catering accommodation seem likely to have more effect upon retail trade than would increases in high-class hotels.

105 Probably, as we discuss later, the most likely field for expansion for a number of reasons, is in well-equipped chalet or static caravan sites. If this were to occur, then the chief increase in employment would be in S.I.C. 884, as indeed it has been over the past five or more years, when these sites have been expanding. Such employment is likely in many cases to be seasonal, although a proportion, particularly of male workers, may be retained throughout the year and many of the seasonal workers will be women employed only part-time.

UNEMPLOYMENT

106 Two facets of unemployment in Devon and Cornwall have given rise to concern. First, the general level of unemployment, even in summer, has been slightly above the national level in the two counties in many recent years, (1967 - 2.8%, Devon and Cornwall; 2.1%, Great Britain). Second, there has been a marked seasonal fluctuation in the number of unemployed, culminating in a mid-winter peak. In 1967 the figures were 18,269 in January and 10,631 in July.

107 In this section, attention is concentrated mainly on the latter, if only because an individual industry can logically be said to be causing a high general level of unemployment only if it is running down its labour force. In fact, employment in the main S.I.C. category concerned, 884 Hotels and Catering, rose from 23,231 to 26,977, that is by some 16% between June 1961, and June 1967. Since this increase is large compared with change in unemployment, the industry was, presumably, drawing in workers not only from those locally unemployed under the Department of Employment and Productivity definition, but also from the local non-economically active groups and from immigrants to the area. Without this growth of the holiday industry, the average level of unemployment in Devon and Cornwall might well have been even more above that for Great Britain.

108 A comparison of the percentage rates is given in Table 28. It can be seen that the persistent difference over the year is slightly greater in the case of men than women. In the case of seasonal changes, the reverse is, if anything, true, the seasonal variation in female unemployment through the year in Great Britain as a whole being rather small. A number of reasons for such continuing differences between Devon and Cornwall and the country as a whole can be suggested,

Table 28 UNEMPLOYMENT, DEVON AND CORNWALL, 1967

	Males			Females		
	Devon and Cornwall		G.B.	Devon and Cornwall		G.B.
	Number	%	%	Number	%	%
January	13,992	5.8	3.3	4,637	3.4	1.3
February	13,556	5.6	3.2	4,609	3.4	1.4
March	12,844	5.3	3.0	4,124	3.0	1.3
April	12,106	5.0	3.0	3,577	2.6	1.3
May	11,070	4.6	2.9	3,009	2.2	1.2
June	9,193	3.8	2.7	2,012	1.5	1.1
July	8,786	3.6	2.7	1,845	1.4	1.1
August	9,886	4.1	3.0	2,119	1.6	1.3
September	10,052	4.2	3.0	2,111	1.6	1.2
October	11,618	4.8	3.0	3,269	2.4	1.3
November	13,133	5.4	3.2	4,066	3.0	1.2
December	13,248	5.5	3.2	4,094	3.0	1.2

(Source: Department of Employment and Productivity, Bristol).

for example:-

a) the high rate of unemployment amongst those aged 55 and over, many of whom may have entered the area anticipating the possibility of part-time employment in the holiday industry during the early years of their retirement;

b) the small average size of settlements, which, because they offer a limited range of employment provide more scope for frictional unemployment;

c) the changing effect of being relatively far from industrial centres, which seems to have intensified unemployment in many outlying areas, both here and in other parts of Great Britain.

It seems likely that the reasons for this discrepancy are complex and only very partially, if at all, connected with the holiday industry. Hence, the rest of this section is concerned with seasonal changes, which seem more closely related to the seasonal nature of holiday spending.

Seasonal unemployment

109 There are a number of problems in interpreting the unemployment figures issued by the Department of Employment and Productivity. In particular, they are confined to registered unemployment and, as will be seen in the section below, a high proportion of seasonal workers in practice fail to register as unemployed during the winter although they are "out of a situation". Further, workers may register as unemployed in another area from that in which they were previously employed. However, it can be argued that registering as unemployed pre-supposes a certain enthusiasm for seeking employment and that any definition of unemployment, as opposed to being merely economically inactive, should include some desire for employment.

110 A second problem in discussing seasonal unemployment is measuring the extent of seasonal variation. Unemployment in different exchange areas is normally measured in terms of percentages expressed as:

$$\frac{\text{unemployed}}{\text{unemployed + employed}} \times 100$$

This measure is available every month but does not directly give a measure of the extent of the seasonal swing. The use of percentages to form a single value for this swing is sometimes misleading, so in this section we have used as a measure of seasonal variation:

maximum unemployed minus minimum unemployed per 1,000 employees.

This is the equivalent of the number of workers per thousand who become unemployed in winter having worked in summer, and gives a single figure representing the seasonal swing for any employment exchange area.

111 The main characteristics of the seasonal movements are:-

a) For male workers, as can be seen from Diagrams 6 and 7, high seasonal fluctuations seem to be more a function of the type of area than the type of industry. In holiday areas both holiday trades and non-holiday trades display large movements of unemployed between winter and summer, whereas, in non-holiday areas the movements are not very much greater than for Great Britain as a whole. In the case of females, Diagrams 8 and 9, holiday trades show a similar pattern of wide swings in holiday areas and relatively small ones in non-holiday areas. However, for non-holiday trades the swings in all areas are rather smaller. It should also be noticed from the diagrams that, in the case of males, unemployment percentages for holiday trades in summer are very much the same in all types of area, whereas unemployment in non-holiday trades is higher in holiday areas than elsewhere throughout the year. Working on a percentage basis the extent of variation in female unemployment for all industries combined is smaller than that for males, as can be seen from the diagrams. This is mainly because female unemployment from non-holiday trades shows a relatively stable level throughout the year. In holiday trades the extent of the variation in female unemployment is much the same as that for males.

b) On an employment exchange area basis there is a strong relationship between the extent of change in unemployment in holiday trades and in non-holiday trades measured as above as a change per 1,000 employees. The extent of the swing in non-holiday trades is on average about 60% of that in holiday trades. Seasonal swings for each employment exchange area are shown in Table 29.

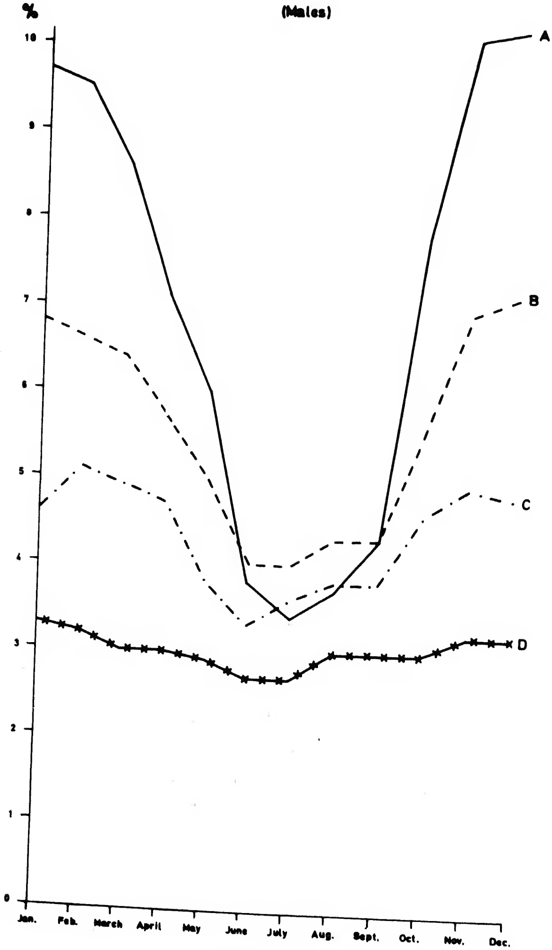
c) The bulk of unemployment is concentrated in a rather small number of areas: for instance, in January, 1967 the total unemployment in the area was 18,629, and, of this, the main constituents, which accounted for over 40% of the total, are given in Table 30. Outside the relatively large urban areas shown in this table, unemployment, both in holiday and non-holiday trades, is fairly widely distributed and it can be seen that in these principal areas of unemployment the holiday trades are by no means the chief components.

Diagram 6

UNEMPLOYMENT PERCENTAGES - DEVON AND CORNWALL 1967

Holiday Trades

(Males)



A - Holiday Areas
B - Semi-Holiday Areas
C - Non-Holiday Areas
D - Great Britain (all industries)

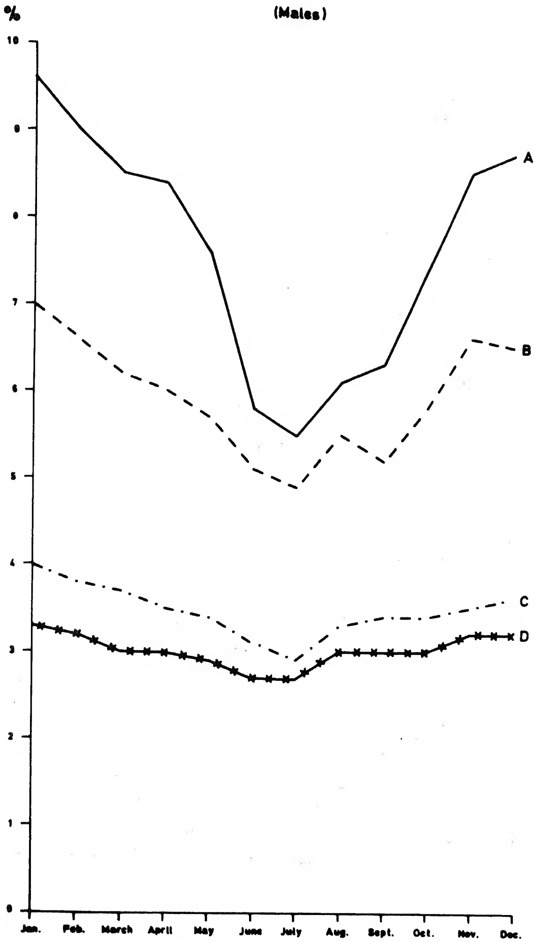
Source: Department of Employment and Productivity.

Diagram 7

UNEMPLOYMENT PERCENTAGES - DEVON AND CORNWALL 1967

Non-Holiday Trades

(Males)



A - Holiday Areas
B - Semi-Holiday Areas
C - Non-Holiday Areas
D - Great Britain (all industries)

Source: Department of Employment and Productivity.

Diagram 8

UNEMPLOYMENT PERCENTAGES - DEVON AND CORNWALL 1967

Holiday Trades

(Females)

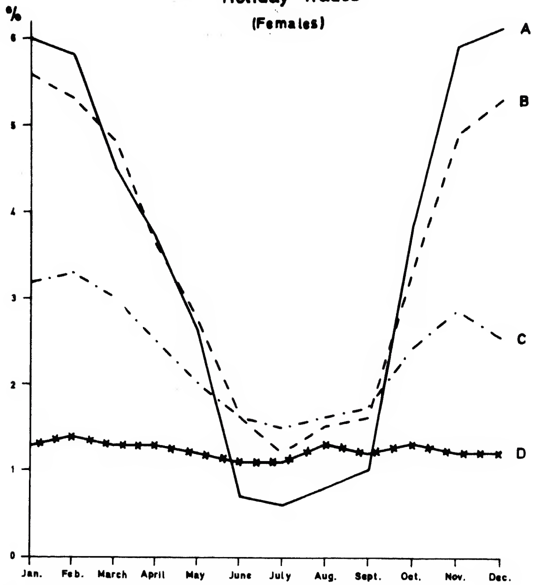
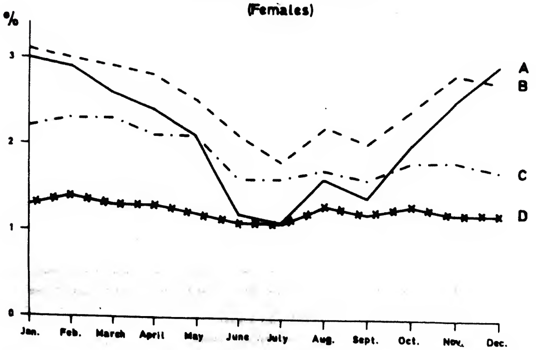


Diagram 9

Non-Holiday Trades

(Females)



A - Holiday Areas

B - Semi-Holiday Areas

C - Non-Holiday Areas

D - Great Britain (all industries)

Source: Department of Employment and Productivity.

Table 29 UNEMPLOYMENT 1967 - SEASONAL SWINGS*

		Males		Females	
		X Holiday trades	Y Non-holiday trades	Holiday trades	Non-holiday trades
A	Brixham	144	135	63	32
	Dartmouth	88	36	65	43
	Honiton/Sidmouth	22	20	15	15
	Ilfracombe	120	87	100	65
	Kingsbridge	65	40	63	25
	Looe/Liskeard	74	50	66	33
	Newquay/Perranporth	93	53	86	54
	Paignton	79	48	43	20
	St.Ives/St. Marys/ Penzance	70	47	65	44
	Seaton	89	46	44	16
	Teignmouth	83	34	43	14
	Torquay	52	42	42	11
	Wadebridge	92	32	158	27
		68	41	54	20
B	Barnstaple	27	13	39	14
	Bideford	34	13	44	15
	Bovey Tracey	37	18	53	24
	Bude	88	39	71	31
	Camelford	73	65	192	38
	Exmouth	47	23	27	14
	Falmouth	54	41	64	33
	Helston	47	49	151	55
	Tavistock	30	18	26	18
	Truro	14	22	30	11
		31	21	43	14
C	Ashburton	110	30	33	13
	Axminster	31	13	14	12
	Bodmin	45	22	52	15
	Camborne/Redruth	51	17	36	23
	Cullompton	64	30	85	10
	Exeter	11	10	9	6
	Gunnislake	308	145	313	85
	Launceston	13	16	13	13
	Newton Abbot	27	14	22	13
	Okehampton	23	20	25	24
	Plymouth/Saltash/ Devonport	22	14	14	11
	Plympton	34	10	55	9
	St. Austell	44	14	81	18
	Tiverton	23	15	13	6
	Totnes	20	10	32	10
		18	12	17	8

* Maximum minus minimum per 1,000 employees.

(Source: Department of Employment and Productivity, Bristol)

Table 30 TOTAL UNEMPLOYMENT IN CERTAIN EMPLOYMENT EXCHANGE AREAS, JANUARY, 1967

	Holiday Trades	Non-holiday trades	Total
Penzance Group	469	680	1,149
Torquay	702	526	1,228
Camborne/Redruth	251	736	987
Exeter	272	762	1,034
Plymouth	786	2,709	3,495
Totals (including all 32 other employment exchange areas)	6,574	12,055	18,629

(Source: Department of Employment and Productivity, Bristol)

d) As shown in Table 31 below, during winter, even in holiday areas more than half the male unemployment arises from non-holiday trades. The proportion of total male unemployment in the area which arises in holiday and semi-holiday areas combined is almost exactly 50% in July and rises to 57% in January. These two types of area have about 39% of the total male employees in the area: that is to say, neither according to the type of employment which gives rise to unemployment nor according to the type of area used, is the holiday industry all that important in giving rise either to general unemployment or to a high proportion of winter unemployment.

e) Juvenile unemployment is relatively unimportant in holiday trades.

f) There is a small amount of evidence to suggest that the ratio of vacancies to unemployed is low in holiday areas compared to main industrial areas, even in summer. Even so, many employers complain of the difficulty of getting labour in summer and these include local authorities amongst others.

Table 31 TOTAL UNEMPLOYMENT JANUARY AND JULY, 1967, ACCORDING TO SEX AND TYPE OF AREA

	January, 1967			July, 1967		
	Male	Female	Total	Male	Female	Total
Holiday Areas:						
Holiday trades	1,967	1,250	3,217	685	132	817
Non-holiday trades	2,957	441	3,398	1,695	155	1,850
Semi-holiday Areas:						
Holiday trades	744	539	1,283	438	121	559
Non-holiday trades	2,283	427	2,710	1,586	242	1,828
Non-holiday Areas:						
Holiday trades	1,218	856	2,074	950	408	1,358
Non-holiday trades	4,823	1,124	5,947	3,432	787	4,219

(Source: Department of Employment and Productivity, Bristol).

112 There are a number of problems involved in interpreting these characteristics and it is not at all clear what the main factors behind the pattern are. In particular, there seems no reason why the female unemployment in non-holiday trades should vary so much less than male unemployment in non-holiday trades or than female unemployment in holiday trades. Women have, of course, in many instances, less incentive to register as unemployed, but this does not seem to account for this difference. Undoubtedly, quite a high proportion of those of both sexes who work seasonally are in their later middle age, although one must not be too ready to refer to them as semi-retired. On the other hand many of them may find seasonal employment congenial.

113 What is clear from our study is that it is not possible to study seasonal unemployment even in holiday areas by investigating holiday trades by themselves. The pattern of unemployment in these areas is complex and an investigation into its social impact would require more information on the characteristics of the unemployed than we have been able to obtain.

114 It should also be noted that there are three possible reasons why employment may be made on other than a full-time basis, and these are relevant

both to seasonal and to part-time employment:-

<u>The timing of the work</u>. This is clearly the case with most seasonal employment but it may also be true of part-time employment. Chalet maids, for example, are often employed in the mornings only and this may be because it is thought that visitors will be away from their accommodation at this time but would not wish to be disturbed if present during the afternoon.

<u>Economy</u>. It may be cheaper, particularly with relatively unskilled female employment to employ two people for half a day as against one person for a full day.

<u>The supply of labour</u>. It is possible, particularly in summer, that female workers are available on a part-time basis, but, since the summer season covers the school holidays they would not be available full-time during this period of the year. It may also be the case that seasonal workers would not wish to work out-of-season.

115 While in certain cases it is clear which of these influences is at work, for instance, a holiday-camp will only employ barmen during the time that it is open, it is by no means always so. Where it is the technical timing of the holiday industry which causes a seasonal demand for labour, then if workers would have preferred a longer period of employment it could be said that the holiday industry was frustrating their demand. The two last reasons given above are, of course, inter-connected in that if workers want part-time employment but not full-time, then wages may adjust so that it is economic to employ them in this way, and correspondingly, if employers find that at present wage rates it is more economic to employ two part-time workers in the place of one full-time, this will only be the case while these part-time workers are forthcoming at the present wage. If workers are really keen on full-time employment they will not work part-time for wages which make it economic to offer part-time employment. There are, of course, differences in other labour costs such as national insurance and Selective Employment Tax, but these would not appear to be very large and usually favour full-time work or very short periods of part-time. Hence, it seems likely that in many cases part-time workers, and possibly even seasonal workers, are so employed because they wish to be. That is to say, in many cases the existence of part-time or even seasonal employment may be due to factors on the supply side of labour and not necessarily to those of demand by the holiday industry.

116 This last substantive section of the present chapter is of a rather different nature. It is limited to an analysis of the labour force employed in the provision of accommodation and is based on information from our accommodation survey. In this, full details of the labour force involved were received from 331 of the hotels, boarding houses, etc. and 91 of the camp and chalet sites selected in the sample. A number of subjects was covered for which there is no information in the Department of Employment and Productivity figures. In different categories of accommodation, the proportion of units sampled differed. In particular, the proportion of larger hotels sampled was much greater than that of smaller ones. In order to gross these figures up and obtain totals, two methods were used. For hotels and boarding houses, the sample was selected from guide books and, hence, corresponded roughly to Miles-Kelcey's "registered accommodation" so that their figures were used for grossing up. For camp sites the sample was selected from county licensing lists, so grossing up was done on the basis of these lists rather than from Miles Kelcey's figures which were, in any case, presented in a way which made comparison difficult.

Accuracy of results

117 A full assessment of the order of accuracy of all figures would be very difficult and time consuming. However, from those figures for which estimates have been made, the standard error for the hotel sample is about 5% of the total; that for the camp site sample 9%. Figures in the following tables have been rounded to the nearest ten from the original estimates, but this does not imply that they can be regarded as accurate to this order. In addition to the sampling error mentioned above, short term variations and the exact definition of the establishments to be covered, undoubtedly, preclude any such accuracy. On the other hand, the figures probably offer a reasonable guide to orders of magnitude and are sufficiently accurate for drawing a number of conclusions.

Total numbers engaged

118 The sample questionnaire asked for figures of employment for four dates and for self-employment, including family workers, for two. From these it is possible to assess the total "numbers engaged", that is self-employed and employees combined at their summer maximum and winter minimum. These are set out in Table 32. As a check on accuracy the questionnaire asked for the numbers of employees on 31. V. 1966, when the Ministry of Labour, as it then was, collected information on employees. The sample gives:-

Hotels, etc.	22,200
Caravans, etc.	2,700
Flats	400
	25,300

The Ministry allocates all those in hotels and camp sites, and part of those working in holiday flats to S.I.C. 884, Hotels and Catering, in which category it found 27,272 employees on 31. V. 1966. This figure included not only those establishments above which provided accommodation, but also those which catered but did not offer accommodation. The difference between the two figures is unexpectedly small, although as there are no separate figures for purely catering establishments, it is not possible to say how much difference ought really to be expected. There are a number of possible explanations, for example, the sample may have given a rather high result. If it were one standard error high, an amount which is likely in one such sample in six, this would reduce the estimate to 24,100. An alternative possibility is that many part-time workers may also have jobs in other industries and, hence, have been allocated to other S.I.C. categories. Our, rather subjective feeling is that the figures in Table 32 may, from sampling error, be a little on the high side, but are essentially of the right order. The prevalence of self-employment and family workers in the industry is large, a matter discussed further below, and the total numbers engaged in mid-summer of 38,700 are over 40% more than the total employees in S.I.C. 884 in May, on which the "value" of the industry is normally assessed. To these must also be added the "bed and breakfast" establishments which do not advertise, but which seem to account for about an equal amount of accommodation. These probably have ratios of visitors to persons engaged (see below) of about the same order as the smallest hotels. If this is so, a further 40,000 people are probably involved to a greater or lesser extent in the provision of holiday accommodation, although for many of these it is rather much of a part-time or 'pocket money' occupation.

119 These figures also reveal that the great majority of people involved in the provision of holiday accommodation are still engaged in traditional hotels or boarding houses, despite the fact that as many visitors are now accommodated in camp sites as in the traditional forms.

The relationship between visitors and numbers engaged

120 The number of people engaged in providing holiday accommodation varies considerably with the type. Figures were sought in the survey for the maximum number it was possible to accommodate, an occupancy which will not always be achieved even at the height of the season, and for the maximum numbers engaged. For hotels the number of visitors per person engaged ranged from about 4½ in those hotels with 20 - 49 beds, to less than 2 for those with 200 beds and over, as can be seen from Table 33. Except for the smallest class of establishments, the number of visitors per person engaged falls with the size of the hotel, presumably a reflection of the changing quality of accommodation. It may be that the relatively high staffing of the smallest group of hotels is due to inability to take advantage of certain economies of scale. On the other hand, some of these are run as adjuncts to restaurants and public houses, and so need a high proportion of staff for other purposes.

Table 32 NUMBERS ENGAGED IN HOLIDAY ACCOMMODATION - 1966 (FULL AND PART-TIME)

	Winter			Summer		
	Family Workers	Employees	Total	Family Workers	Employees	Total
Hotels + (capacity)						
1 - 19	2,640	1,010	3,650	2,900	2,850	5,750
20 - 49	2,690	2,950	5,640	2,970	8,330	11,300
50 - 99	630	3,240	3,870	660	6,650	7,310
100 -199	160	3,390	3,550	160	5,980	6,140
200 and over	20	2,290	2,310	20	2,970	2,990
Total hotels	6,140	12,880	19,020	6,710	26,780	33,490
Camps						
Catering	-	90	90	-	890	890
* Static - non-catering	610	500	1,110	610	1,730	2,340
* Mixed	220	120	340	230	450	680
* Mobile	400	40	440	420	170	590
Flats	90	190	280	100	480	580
	7,460	13,820	21,280	8,070	30,500	38,570

* Camps have been allocated both by size and by the predominant type of unit. Static includes both chalets and static caravans, mobile includes tents and towing caravans. Mixed sites are more frequent in Cornwall where County policy is to try to retain space on sites for mobile units.

\+ "Capacity" is maximum summer capacity of the unit concerned.

Table 33 MAXIMUM ACCOMMODATION AVAILABLE PER PERSON ENGAGED - HOTELS AND CAMP-SITES

Hotels (Capacity - persons)	Number per person engaged
1 - 19	3.6
20 - 49	4.4
50 - 99	3.2
100 - 199	2.3
200 and over	1.7
Camps	
Static sites:	
offering full board	4.3
self-catering	39.9
Mixed sites	70.7
Mobile sites	70.1
Holiday flats	18.3

121 Camp site figures form a marked contrast with those of hotels. The sample here was divided in two ways, both by the size of the unit and its type, that is whether it dealt with mainly static units, chalets and static caravans, mobile units, towed caravans or tents, or a mixture of the two. The sample for each type was rather small for drawing firm conclusions on how the labour force varied with site size. However, in general, the type of site seems more important than the number of people it can accommodate in determining staffing ratios. The main factor in manning is whether the site offers full board, that is, whether it is more like a traditional holiday camp. These have visitor/staff ratios of much the same order as the smaller hotels, despite the fact that they include on their staffs many sorts of entertainment workers who would not normally form part of a hotel staff. Other static sites have much lower staffing ratios, about 30 visitors per person engaged. These static sites however often contain clubs and other amusement facilities which require more generous staffing provision than the mixed or mobile sites with ratios of 70:1. The holiday flat sample was small, but suggested the relatively low ratio of 18:1.

122 Within these figures are very wide ranges of variation. In some of the smaller hotels, one person claims to be looking after 20 visitors, while mobile sites where fifty units or 200 visitors are looked after single handed, are common. The work involved in the latter is, of course, not to be compared with the former.

Self-employment

123 Self-employment in holiday accommodation is very much connected with the size of the unit. In general family workers remain present the whole year, the fluctuations between winter and summer being only of the order of 10% in hotels and 2% in camps, much less than the fluctuations in employees. As a result, self-employed persons form a higher proportion of the total numbers engaged in winter than in summer. However, even in summer, over half of those engaged in the smallest group of hotels are self-employed, a proportion falling to under 1% in the case of the largest hotels. (Table 34). Self-employment in hotels is thus almost entirely confined to those with capacities of under 50 visitors. These are, however, very numerous, accounting for some 80% of hotel accommodation.

124 The association between size and self-employment also exists in camp sites. Mixed and mobile sites with space for under 100 units are almost entirely run on a self-employment basis without any significant number of employees. The very small static sites, under 25 units, are also run on the same basis and even up to 50 units, almost half of those engaged are self-employed. In the larger group self-employment is rather more important in camp sites than it is in hotels, about 5% of those engaged in sites with over 200 units being self-employed. In the small sample of holiday flats, 41% of those engaged in summer were self-employed.

Table 34 SELF-EMPLOYMENT IN HOTELS AND CAMP-SITES

Hotels (capacity - persons)	No. of self-employed	Self-employed as % of numbers engaged in summer
1 - 9	2,900	51
20 - 49	2,970	27
50 - 99	660	9
100 -199	150	2
200 and over	20	0.6
	6,700	20
Mixed and mobile sites (capacity - units) (1)		
Under 100	550	85
101 - 199	80	31
201 - 299	10	7
300 and over	10	6
	650	51
Static sites (capacity - units)		
Under 25	320	67
25 - 49	110	46
50 - 74	60	19
75 - 99	20	15
100 - 199	60	21
200 - 299	40	7
300 and over	10	2
	620	19

(1) Capacity for camp sites was obtained in our survey for "persons", although county licensing figures are in units, i.e. caravans, chalets, etc. The conversion factor used here is four persons per unit. Devon County Council has estimated an average capacity of 3.9 per unit which seems to have been rising in recent years with the introduction of more six berth units. There is little error, therefore, in equating a 50 unit site to a 200 person capacity, and both measures are used in the present text.

Seasonality

125 As mentioned above, the number of family workers varies little between winter and summer in almost all types of accommodation (Table 35). This does not, of course, mean that the volume of work done does not vary, although proprietors of small hotels claim to be fairly busy in winter, even if their hotels are closed. It does, however, suggest that these family workers consider themselves employed in winter and should not be counted as potentially available for other employment.

Table 35 SELF-EMPLOYED - SEASONAL VARIATION

	Numbers of family workers		Winter as % of summer *
	Summer	Winter	
Hotels	6,700	6,150	91%
Camp sites, etc.	1,260	1,230	98%
Flats	200	210	95%

* Based on figures of self-employment to more significant figures.

126 Figures for the numbers of employees vary considerably over the year. Figures for 31st December, 1966, were, in general, lower than for 31st December, 1965, owing perhaps to the change in the economic climate. In order to give a rough measure of the extent of the seasonal change in employment, the average winter employment figures have been expressed as a percentage of the average of the two summer figures (31st May and the peak), a low figure representing a large change. The smallest proportional changes over the season occur in the largest hotels, next smallest in the smaller hotels and the greatest fluctuations in the camp sites, particularly the catering camps which need large numbers of employees in summer, but close down completely out of season (Table 36). The largest hotels also maintain the number of summer workers over the whole of their season, whereas all other forms of accommodation show considerable rises in employment between the end of May and the peak, particularly the mixed and mobile camp sites and the smallest classes of hotels. However, despite the highly seasonal nature of employment in camp sites and the smallest hotels, their manpower requirements are low and over half the need for seasonal workers arises in the medium sized hotels with capacities of between 20 and 99 visitors.

Table 36 ESTIMATED SEASONAL CHANGES IN EMPLOYEES

	Number of Employees				Seasonal Workers	Seasonal Swing
	31.12.1965 (A)	31.5.1966 (B)	Peak 1966 (C)	31.12.1966 (D)	C - A	$\frac{A + D}{B + C} \times 100$
	Nos.	Nos.	Nos.	Nos.	Nos.	%
Hotels Capacity:						
1 - 19	1,010	1,860	2,850	930	1,840	41
20 - 49	2,950	6,690	8,330	2,950	5,380	39
50 - 99	3,240	5,850	6,650	3,170	3,410	51
100 - 199	3,390	4,850	5,980	3,390	2,590	63
200 or over	2,290	2,970	2,970	2,290	680	77
Total - hotels	12,880	22,220	26,780	12,730	13,900	
Camps						
Catering	90	800	890	90	800	11
Static non-Catering	500	1,500	1,730	500	1,230	31
Mixed	120	310	450	120	330	32
Mobile	40	130	170	40	130	27
Flats	190	430	480	190	290	42
Total all forms of accommodation	13,820	25,390	30,500	13,670	16,680	49

The origins of seasonal workers

127 Seasonal workers can come from three sources: they may be recruited locally; they may come for the season from other parts of the United Kingdom; or they may come from abroad. In deciding which type of seasonal worker to employ the employer will take account not only of their availability, but also of the fact that if he obtains workers from other parts of the United Kingdom he may have to provide accommodation, while if he employes foreign workers he will also need a permit which may only be granted if the wlrkers can offer certain skills. For the majority of smaller employers, these factors are reinforced by the fact that they live in the area and will often employ local people, both as good neighbours and because, over the years, they will have built up a summer labour force whose capabilities they know and who, when one member drops out, will often find a replacement from amongst their acquaintances, thus avoiding the cost and trouble of recruitment.

128 Because of these considerations, a high proportion, almost 70% of those employed seasonally in holiday accommodation is recruited locally (Table 37). This proportion is highest in the smaller hotels and camp sites, excluding those where full catering is provided. These last, which have a relatively large seasonal labour force, recruit almost all of it from other parts of the United Kingdom. They are mainly run by large, national organisations, which often have a central recruiting office for the group.

129 The proportion of local seasonal workers falls with increasing size in hotels, while the percentage coming from overseas rises. Foreign seasonal workers, who form under ten per cent of all such workers, are employed almost exclusively in hotels, as opposed to camps, and mainly in the larger ones. In the largest group, with capacities of over 200 visitors, they form a quarter of the seasonal labour force.

Seasonal workers and registered unemployment

130 The number of "seasonal workers" has been defined here as the difference between the number employed in December 1965 and that at the height of the season. This increase is estimated as 16,680 employees of whom 11,340 were recruited locally. Between the height of the season and December 1966 the number employed fell by a slightly larger amount. In contrast, the number of registered unemployed in S.I.C. 884, Hotels and Catering, fell by only 1,890 between December 1965 and July 1966, rising by 2,510 between then and December that year. It would thus appear that less than a quarter of the local workers "laid off" after the 1966 season subsequently registered as unemployed. Even so, this was probably a higher proportion than had registered as unemployed during the winter 1965/6.

Table 37 SOURCES OF SEASONAL WORKERS

	Total (Nos).	Local (Nos).	%	Other U.K. (Nos).	%	Overseas (Nos).	%
Hotels							
Capacity:							
1 - 19	1,840	1,520	83	320	17	-	-
20 - 49	5,380	4,080	76	850	16	450	8
50 - 99	3,410	2,100	62	890	26	420	12
100 - 199	2,590	1,210	47	880	34	500	19
200 and over	680	290	43	210	31	180	26
Total hotels	13,900	9,200	66	3,150	23	1,550	11
Camps							
Catering	800	270	34	520	65	10	1
Static non-catering	1,230	1,150	93	80	7	-	-
Mixed	330	300	91	30	9	-	-
Mobile	130	130	100	-	-	-	-
Flats	290	290	100	-	-	-	-
Total all forms of accommodation	16,680	11,340	68	3,780	23	1,560	9

Note: Seasonal workers were defined in the Accommodation Survey as those employed at the height of the 1966 season but who had not been employed in December, 1965.

131 In trying to summarise the effect of the holiday industry on the labour situation in Devon and Cornwall, one must remember first that only a partial picture can be obtained - the holiday industry is one of many influences at work - and second that the figures available and the methods of analysis are both liable to misinterpretation. These considerations mean that one can be more confident of some findings than of others, and in certain cases much less confident of results than one would wish. The main findings of this chapter are therefore summarised below, together with notes on certain caveats and doubts.

a. Employment in holiday trades is mainly concentrated in a fairly small number of places, in a few of which it dominates the employment position. There seems no reason to doubt this conclusion.

b. Holiday trades have relatively high proportions of female employees. The card count figures probably understate the position, since women, particularly in part-time employment are more likely to be without cards or to have cards classified to other industries, for instance retail trade, where they also work part-time. On the other hand male employees are more likely to be full time than are female ones.

c. Holiday areas in recent years have shown the highest rates of employment growth with non-holiday areas next. Semi-holiday areas have lagged. This seems fairly well established since it is supported, for instance, by population changes. On the other hand much of the gain may be in part-time or part-year employment.

d. This growth has been accompanied by increasing specialisation. In particular, holiday areas appear to have become even more dependent upon holiday employment. There is some evidence too that semi-holiday areas are also tending to move towards a more specialised situation, concentrating more in some instances on holidays and in others on manufacture. Again it is possible that part-time and part-year employment may complicate the position, but there are a number of factors pointing towards this general conclusion.

e. There is a high level of self-employment and a number of changes in this are taking place which are not fully explicable. The high level probably arises from the need to provide flexibility under seasonal changes.

f. Registered unemployment from holiday trades is small compared with employment changes, despite the fact that most seasonal employees are local. This seems fairly well supported.

g. Both holiday trades and holiday towns have relatively large seasonal swings in unemployment - indeed swings in unemployment from holiday and non-holiday trades in a given area are highly correlated. On the other hand, other industries also contribute significantly. These facts are well supported if consideration is limited to "registered unemployment".

h. The holiday industry cannot be responsible for a generally high level of unemployment, since employment in it has increased considerably. It is just possible that this increase was caused by people who were not previously registered as unemployed, taking up part-time employment and displacing full-time workers who then became unemployed. However the changes are large enough to make it unlikely that this could fully explain the position.

i. Further growth in the industry may increase the amplitude of seasonal swings.

j. The holiday industry has not been unduly sensitive to cyclical changes in economic activity in the U.K. It is possible that under these conditions a large movement from full to part-time employment took place, which would not alter employment figures. Nevertheless, this conclusion seems reasonably well founded both because male employees were less affected than female and because such analysis of unemployment figures as has been possible supports the conclusion from the employment figures.

k. Future changes in employment and self-employment are likely to be greatly influenced by the type of accommodation offered. This is well attested.

132 One problem which it is not possible to solve by looking solely at the holiday industry, is how far employment and unemployment characteristics of Devon and Cornwall are due to this industry, how far to relative remoteness from centres of population and how far to settlement size. As far as the general level of unemployment is concerned, the last two are probably predominant causes. As far as seasonal unemployment is concerned, the holiday industry undoubtedly bears a considerable share in the responsibility. However, other industries, particularly construction which is important in the area, also give rise to seasonal changes. On the other hand, the holiday industry has proved to be a growth industry over the past five years and holiday resorts have been the major employment growth points in the two counties.

133 Doubts such as these arise in any study like this but nowhere more strongly than in such a field as labour. In particular, it far from clear what the aims of a labour policy in an area such as this should be. We have therefore limited outselves to laying out the facts as we see them, without trying to suggest policies which they imply.

CHAPTER FIVE

CAPITAL AND INVESTMENT IN ACCOMMODATION

134 This chapter is concerned almost exclusively with the capital structure of the accommodation side of the holiday industry. A brief note on local authority capital expenditure is in Chapter 8, but it has not proved possible to cover the wide field of other industries which, to a greater or lesser extent, serve holiday-makers. There are, of course, grave conceptual problems in considering the capital involved where facilities have multiple uses, so that there is some justification in concentrating on the field where the holiday interest predominates.

135 Moreover even within this field, the measurement of capital values presents many problems. It seems probable that most establishments do not really know what the value of their capital assets is, which makes it very difficult for them to answer questions on profitability. What we do here, therefore, is to discuss first the way in which investment has occurred recently and what is planned for the future. This both gives some guidance towards prediction and also an insight into what those who actually make the investment feel to be worthwhile. Then in the latter part of the chapter we provide some figures on the operating costs of two hotels, one large and one small, and of a chalet site, to see what this suggests about their profitability. The figures are 'typical' in that they have a factual basis, but do not relate either to actual existing establishments nor to average figures for a sampled group. The latter, which would be the more useful basis, has proved, in the event, unobtainable.

HOTELS

Ownership of Hotels

136 The hotels in Devon and Cornwall are mainly small and for this reason, and possibly because of the seasonal nature of their trade, major chains and other hotel-owning companies have not been very active in the area. Even in the case of the larger hotels, whose custom is less seasonal, the proportion owned by public companies is only one fifth, as is shown by Table 38 and where smaller hotels are owned by such companies they are often really tied public houses with a few bedrooms. Since, however, it is the smaller hotels which predominate, it is clear that proprietor ownership is the most common form in the industry.

Table 38 OWNERSHIP OF HOTELS

	(Size - number of beds)				
	0-19 %	20-49 %	50-99 %	100 and over %	All %
Owned by:	(67)	(173)	(71)	(29)	(340)
Proprietor	96	91	73	31	90
Private company with manager member	-	4	17	34	4
Private company with manager not a member	-	2	6	14	2
Public company	4	3	4	21	4

(Source: Accommodation Survey)

Note: numbers in brackets here and below are the numbers on which percentages are based.

137 The actual legal framework within which a small hotel operates probably depends partly upon taxation advantages and similar provisions. Family hotels organised on a company basis, or other small private companies, may contain one member who manages the hotel. Partnerships also exist, but do not appear to be very common. Where a member of the company manages a hotel he will sometimes consider himself a proprietor although legally he is an employee of the company. In our sample, 283 hotels reported that they were owned by their proprietors and another 29 by private companies of which the manager was a member. However, 20 of the latter reported the existence of a "resident proprietor". The connection between ownership and operation is indeed strong and the proprietor of a small hotel is often a true entrepreneur. Even in the group of largest hotels, with over 100 beds, families still own a third, although of the largest five sampled this was the case with only one of them.

Average capital values of existing hotels

138 Hotels represent a very considerable capital investment. Those of fifty rooms and under change hands quite frequently and an analysis of hotels advertised for sale gave an average advertised price of:

£3,000 + 1,100 x number of bedrooms.

That is to say, a hotel with ten bedrooms is advertised at an average price of

£3,000 + £1,100 x 10 = £14,000. This formula was estimated by a small regression and it is not clear why hotel prices should range in this way. However, it may be that the £3,000 represents an average value of the living quarters for the management which are included in almost all hotels. Since single rooms are rare in seaside hotels and three-or-more-bed family rooms exist, the average number of beds per room is probably about two, so that the above figure represents about £1,500 + £550 times the number of people accommodated. Actual selling prices are probably about 5% below this.

139 There is, of course, a considerable variation about this mean value, particularly at the lower end where a small hotel may form part of a large inn or restaurant, but the relationship is of interest for two reasons. First, it has been quoted to us that hotel selling prices are about 125% of annual gross takings. If a hotel is suitable for adaptation and gross takings have fallen far below what they would be if the price above were to hold, then there may be strong reasons for changing from a hotel to, say, holiday flatlets. However, such conversions are not as common as is normally supposed. According to the local authorities which reported, between 50 and 60 hotels, mainly smaller ones, had closed in Devon and Cornwall over the preceding five years, while between 70 and 80 had been opened[1], again very often little more than "Bed and Breakfast" places. The fact is that a larger hotel, which will normally have been purpose built, is difficult to convert to other uses[2] and will, therefore, tend to remain in use even if its operation is only just covering its variable, running or operating costs.

Origins of hotels

140 New hotels can be created either by building new ones or by converting property from other uses. The last is predominantly the way in which smaller hotels are created, although large hotels have also been formed by converting private houses, and almost half the largest group had arisen in this way as shown in Table 39. Furthermore, as Table 40 shows, the larger hotels tend to be the older ones. Very few large hotels have been created since the war, whereas 65% of the smallest group are post-war in their creation.

---

1 Our own survey figures grossed up suggest far larger numbers of "openings". This probably because local authorities have confined their reports to larger hotels - that is omitting what is commonly considered a private hotel or boarding house. Undoubtedly, these appear and disappear quite frequently. Most local authorities said the number of bed and breakfast establishments was increasing. They are, of course, flexible in use since they can often revert easily to private dwellings, etc.

2 Investment in Hotels and Catering - Hotel and Catering E.D.C., H.M.S.O. 1968, p. 19.

Table 39 ORIGIN OF HOTELS

	(Size - number of beds)			
	0-19 % (70)	20-49 % (177)	50-99 % (73)	100 and over % (29)
New construction	7	6	18	41
Conversion from private home	80	68	54	45
Other	13	26	28	4

(Source: Accommodation Survey)

Table 40 DATES WHEN HOTELS WERE STARTED

	(Size - number of beds)			
	0-19 % (67)	20-49 % (169)	50-99 % (69)	100 and over % (28)
Before 1900	3	7	19	39
1901-1914	1	1	7	21
1915-1930	6	10	14	18
1931-1939	6	14	19	3
1940-1949	9	16	11	7
1950-1954	15	13	6	3
1955-1959	12	18	10	-
1960 onwards	48	21	13	7

(Source: Accommodation Survey).

Expansion and improvement of existing hotels

141 The proportion of establishments which have been enlarged over the past five years varies according to size as can be seen from Table 41. Only a low proportion, 18% of the group of smallest hotels reported such expansion. This arises partly because such establishments are often on constricted sites or in terraces, which limit physically the possibilities of expansion and partly because any considerable expansion of the smallest hotels would have enlarged them to an extent where they would have been recorded by us in a larger size group. Above this size about 40% of hotels of all sizes reported growth during the preceding five years. The slight fall in this percentage in the very largest group is probably not significant, but may arise from sampling error.

Table 41 CHANGE IN SIZE 1962 - 1967 - HOTELS

(Size - number of beds)

	0-19	20-49	50-99	100 and over	All hotels
	%	%	%	%	%
Increases (beds)	(65)	(170)	(62)	(25)	(322)
Nil	72	59	52	68	65
Under 5	11	5	2	4	8
5 - 9	5	15	6	4	9
10 - 19	2	16	20	9	9
20 and over	-	2	15	13	2
Decrease	11	3	5	-	7

(Source: Accommodation Survey)

142 Other forms of extension or improvement were also prominent and in this case the larger hotels had been much more active than smaller ones (Table 42). One particular and costly investment which we did not ask about specifically, but which is becoming common in the area, is in a swimming pool, usually heated.

Table 42 EXPANSION OF OTHER FACILITIES 1962 - 1967 - HOTELS

(Size - number of beds)

	0-19	20-49	50-99	100 and over	All hotels
	%	%	%	%	%
	(65)	(170)	(62)	(25)	(322)
None	72	38	15	9	51
Dining room	6	35	54	55	23
Bar	9	25	58	68	22
Lounge	5	21	42	50	16
Car park/garage	3	29	42	68	19
Kitchen	12	30	49	36	23
T.V. Lounge	-	2	9	14	2
Bathrooms	3	4	14	32	5
Other	8	8	20	18	9

Note:- Columns do not sum to 100 because many establishments have expanded several facilities.

(Source: Accommodation Survey)

143 It would seem that over recent years, investment in hotels in Devon and Cornwall has taken three main forms:-

a) the conversion of private houses into small hotels;

b) the expansion of existing hotels of all sizes;

c) the improvement, mainly of larger hotels, by the provision of new facilities.

Relative costs of expansion

144 The reason why increases in the amount of accommodation available have tended to take the form of conversion or expansion of existing premises rather than

the building of new hotels, lies in the structure of capital costs. New hotels have capital costs of the order of £3 - 4,000 or over per bedroom. The cost of extensions to existing hotels depends very largely on the common facilities already available. For instance, if sufficient kitchens, lounges and dining rooms exist then the cost of expansion is only that of building bedrooms. If all these common facilities need to be expanded in line with the additional bedroom accommodation, clearly costs are high. But in general it will not normally be necessary to expand all facilities at the same time and average figures would seem to be of the order of £1,500 per bedroom. We have not been able to explore the capital cost of conversion of private houses to small hotels but it seems likely that the cost of buying such a building and converting it must be of the order of the £3,000 + £1,100 per bedroom mentioned above, in view of the extensive market in such properties. It would seem that the cheapest way of creating a new small hotel is, therefore, to buy a private house and convert. When a hotel is sought larger than could normally physically be constructed by converting residential property, the cheapest way is to extend an existing smaller hotel. Both ways are far cheaper than starting from scratch. Since seasonal hotels seem to show low profit ratios because of their low average occupancy, minimising capital cost is very important. Only where a reasonable occupancy throughout the year can be expected, such as in the larger towns where business use is important, is it likely that the building of new hotels would be remunerative.

Reason for improvement of existing hotels

145 The reason for improving facilities in larger hotels is two-fold. First, better facilities allow higher tariffs which may not only make a return to the new investment but also make existing investment more profitable. Secondly, better facilities improve occupancy rates. In an enterprise such as a hotel which is really selling a heterogeneous bundle of services, many of which are not paid for directly, it is very difficult to assess the profitability of improvements and hotel operators often give as a reason for investing, that they are safeguarding existing capital investment.

CAMPS

146 The camps in Devon and Cornwall may be divided in two ways. First, by their size, expressed here as a total capacity for visitors. This is roughly equivalent to the number of hotel "beds", although it must be realised that this is a much more flexible concept. For instance, a camping field may be licensed for a certain number of tents or mobile caravans and it is only when these are present that the beds exist - and can be counted. Undoubtedly, the number of those camping or in tourist vans at the height of the season may exceed the number which would be expected at average densities on licensed sites. Devon County Council has found an average of 3.9 persons per unit, a figure which has recently been rising. A conversion factor of 4 has been used in the present study as a reasonable approximation.

147 The other possible classification is that of the types of unit on the site. These are of four main kinds; chalets, static caravans, tourist caravans and tents. From a capital point of view this is an important classification because in the last two cases the capital is mainly provided from outside the industry by the users, although even in these cases there may be a considerable investment in land and communal toilet and other facilities. In practice, sites often contain a mixture of types of unit, so the classification used here is:-

static,

mixed,

mobile,

where static and mobile are defined as over 75% of licensed units of the type shown, static referring both to chalets and static caravans, mobile to tourist vans and tents; and mixed where the proportions are between these limits. Within the chalet group there are a small number of "holiday camps" in the sense that the organisation provides board as well as accommodation, and these sites often have a large range of amusement and other facilities. However, even non-catering sites, particularly chalet sites, may also offer clubs, dancing, sporting facilities and heated swimming pools, so that each of the categories given covers a wide range of sites of differing degrees of size and sophistication. Capital investment therefore, depends both upon the type of site, as defined here, and the extent to which auxiliary facilities have been developed.

Ownership of camp-sites

148 Ownership varies and can be complex even within a site. As can be seen from Table 43, there are a small number of municipal sites in the two counties mainly opened fairly recently, but there seems little initiative or pressure for such sites. Local authorities outside the area may also own sites; for instance, Bristol Education Committee runs a camp for its children in Devon. Apart from these, some two-thirds of sites, even quite large ones, are owned by individual proprietors. Public companies have recently made considerable investments in static chalet sites, often of very high quality, but, as with hotels, ownership is essentially a local affair, particularly with the smaller sites whose number is much greater than that of the large ones.

149 Site ownership, particularly if static units are provided, involves considerable investment. One way of providing the capital, without raising it by becoming a company, is for the site owner to lease plots or chalets to individuals who often use them themselves for part of the year. A common procedure is to offer a fifty-year lease on the ground. The leasor pays for the chalet itself although this may already have been built by the ground landlord. The advantage of a fifty-year ground lease is that it allows the landlord to retain control of the site and keep it tidy. In addition, since chalets have a limited life, it also means that in fifty years' time he will be able to regain possession and rebuild if the state of the chalets requires it. In the case of caravans, an annual rental is charged. Numbers of sites in the sample to whom this was applicable were small, so Table 44 gives numbers not percentages.

Table 43 OWNERSHIP OF CAMP SITES

	Static		Mixed		Mobile	
	Large	Small	Large	Small	Large	Small
	% (15)	% (30)	% (14)	% (11)	% (4)	% (13)
Proprietor	60	60	64	82	50	92
Private company-manager member	7	13	14	-	25	-
Private company - manager not member	13	7	7	9	25	-
Public company	13	17	-	9	-	-
Local Authority	7	3	14	-	-	8

(Source: Accommodation Survey)

Table 44 SITES ON WHICH CHALETS OR CARAVANS ARE IN OWNERSHIP OTHER THAN THAT OF THE SITE OPERATOR

(Numbers)

	Sites with No resident proprietor		Sites with resident proprietor	
	Large	Small	Large	Small
Chalets:				
Some in individual ownership	1	2	3	1
None in individual ownership	9	9	8	21
Caravans:				
Some in individual ownership	6	14	19	25
None in individual ownership	2	0	2	7

(Source: Accommodation Survey)

It would appear that individual ownership is more common in the case of caravans than chalets, although discussions we have had suggest that the figures for chalets given above may underrate its importance. Occasionally, other facilities may also be leased and it is possible that a large number of small companies or individuals may be operating on a single site.

Capital costs

150 The capital costs of chalets including a proportion of the costs of common facilities vary approximately, as follows:-

large site with catering facilities	-	£600 - £650	per person to be accommodated
large site with clubs, etc., but on self-catering basis	-	£400 - £500	" "
small site with few catering facilities	-	£350 - £450	" "

The cost of land, roads, drains and so on may vary considerably between sites and form a high proportion of the total. Costs of caravan sites, even including vans, may be less, say £250 - £350 per head. Caravans do not last as long as chalets, therefore more must be allowed for depreciation. However, chalets are normally treated for tax purposes as permanent dwellings and no depreciation can then be charged against profits, so that the relative advantages are not necessarily with the more long-lived form of investment. All these costs are well below the cost per bed of £1,500 upwards involved in new hotel construction, although hotel extension may be of the order of £750 per bed, which is comparable with total costs in well equipped chalet sites.

Recent expansion and improvement

151 Most camp sites have been constructed on what was previously agricultural land (Table 45), although in some cases the type of unit has changed. In particular, former mobile sites have become static, and static caravans have been replaced by chalets. The reason for the first change is economic. Mobile sites have not proved to be very profitable, one reason being that occupancy is poor. The second change is also partly economic. Chalets tend to have better occupancy rates than caravans and their longer life may, as discussed above, mean a better return to investment. In addition, many of the original caravan sites were probably not thought of as permanent by their owners. When it became clear that demand would

continue, profits from the caravans were ploughed back into a longer term investment, while both site owners and chalet-leaseholders, often using the site themselves, appreciated the visual and other advantages to be gained. The two County Planning authorities have also encouraged the change-over.

Table 45 ORIGIN OF CAMP SITES

	Static		Mixed		Mobile	
	Large	Small	Large	Small	Large	Small
	%	%	%	%	%	%
	(15)	(30)	(14)	(11)	(4)	(13)
Conversion from agriculture/ new construction	20	63	71	73	100	85
Extension of smaller unit	27	10	21	27	25	-
Conversion from different type of unit	27	13	21	18	-	8
Others	40	19	7	9	-	8

(Source: Accommodation Survey)

(Note: Some respondents seem to have found more than one answer possible)

152 Sites of all sorts are generally very recent, comparatively few having pre-war origins. The late 1950's were a period of intense site construction and there are signs (Table 46) that the rate has since diminished. As against this, there have been very considerable extensions to existing sites during recent years as can be seen in Table 47. The numbers in the sample are too small to draw conclusions on which type has increased in size most rapidly, but a fairly similar pattern seems to persist for all types of site. This increase in size has been accompanied by considerable investment in new facilities (Table 48). In this the static and mixed sites have been more active than the mobile ones and to a lesser extent, the large than the small. The main forms taken by the investment have been in roads and car parking, and in "other" which mainly comprises recreational and amusement facilities.

Table 46 DATE OF ORIGIN OF CAMP SITES

	Static		Mixed		Mobile	
	Large	Small	Large	Small	Large	Small
	% (14)	% (29)	% (14)	% (11)	% (4)	% (12)
1915 - 1930	-	3	7	9	-	-
1931 - 1939	7	24	21	9	-	-
1940 - 1949	29	24	29	-	-	42
1950 - 1954	21	14	7	18	-	8
1955 - 1959	29	24	21	36	75	17
1960 onwards	14	10	14	27	25	33

(Source: Accommodation Survey)

Table 47 CHANGES IN SIZE 1962 - 1967 - CAMP SITES

	Static		Mixed		Mobile	
	Large	Small	Large	Small	Large	Small
(Beds)	% (11)	% (28)	% (14)	% (10)	% (4)	% (10)
Increase:						
None	27	35	43	30	-	60
1 - 29	-	14	-	-	-	-
30 - 99	9	18	7	20	25	-
100 - 499	36	25	21	30	25	30
500 and over	27	4	29	20	50	-
Decrease:	-	4	-	-	-	10

(Source: Accommodation Survey)

Table 48 EXPANSION OF FACILITIES 1962 - 1967 - CAMP SITES

	Static		Mixed		Mobile	
	Large % (10)	Small % (25)	Large % (14)	Small % (10)	Large % (4)	Small % (10)
None	-	16	7	10	-	40
Dining room	30	20	21	-	-	-
Bar	50	20	21	-	25	-
Lounge	10	8	14	-	-	-
Car par/garage	70	28	29	20	-	-
Roads	90	48	86	60	100	40
Bathrooms	-	-	7	-	-	-
Other	90	48	64	70	75	50

(Source: Accommodation Survey)

153 Thus, the post-war years have seen the creation of large numbers of camp-sites of all kinds, in contrast to the lack of new hotel building, although over the past five years this rate of new creation has eased while extension and improvement of existing sites has been of relatively greater importance. The reasons normally given for the greater rate of expansion of accommodation in camp-sites than in hotels since the war are that rising labour costs have affected hotels more than camp-sites and that the public prefers a more free-and-easy, self-catering holiday. However, it would also appear that capital costs for camp-sites are lower, even where the standard of provision is high, as in the better chalet sites which are possibly more luxurious than many hotels. Capital costs are an important element in total costs for all types of accommodation. For instance, the 'loan charges' on £1,000, say £100 p.a. represent £5 per week over a twenty week season, a high proportion of the probable weekly tariff per head. This is discussed at greater length in the last section of this Chapter.

Table 49 PLANS FOR FUTURE EXPANSION IN HOTELS AND CAMPS ACCORDING TO SIZE AND OWNERSHIP

			Percentage planning expansion of some facilities	Percentage planning expansion of numbers to be accommodated
Hotels: (Beds)				
0 - 19		(66)	15	6
20 - 49		(173)	39	5
50 - 99		(70)	64	9
100 and over		(26)	64	12
Camps:				
Static	- small	(30)	60	23
	large	(15)	67	27
Mixed	- small	(11)	45	18
	large	(14)	79	36
Mobile	- small	(13)	46	-
	large	(4)	50	50
Hotels:				
Without resident proprietor	- small	(9)	22	-
	large	(30)	53	13
With resident proprietor	- small	(231)	35	6
	large	(70)	58	7
Camps:				
Without resident proprietor	- small	(19)	47	21
	large	(18)	50	22
With resident proprietor	- small	(46)	61	17
	large	(21)	67	29

(Source: Accommodation Survey)

154 In the Survey questions were also asked about future intentions, both of hotel and camp-site operators. It appears from the answers that, if intentions bear fruit, future changes will be of much the same kind as those in the recent past. Thus, in the case of both camps and hotels (Table 49) the larger units seem more often to have expansion plans than smaller ones, small hotels being particularly unambitious in this respect. The form of ownership does not materially affect intentions, except in the case of large camps, where those with resident proprietors more frequently planned to expand than did those without resident proprietors. It may be that managers of company-owned establishments are sometimes unaware of company plans, but the survey results certainly do not suggest that companies are more active than individuals in this respect, although it does confirm that smaller units may be less likely to grow than large ones.

155 In the case of hotels, the bulk of those not wishing to expand, either had no wish to or were under practical constraints, such as space, which prevented them. When divided into those who did and those who did not wish to expand, the camp-site sample became rather small for drawing conclusions, but much the same general picture seemed to emerge.

Obstacles to expansion

156 However, for those who wished to expand but had encountered obstacles, the picture was rather different. About three quarters of the smaller hotels, those below 100 beds, and half the number of hotels larger than this, had found money an obstacle to expansion. Difficulties with planning permission were mentioned in about one case in five. In the case of camp-sites the picture was very different, only about one in five mentioning money as an obstacle to expansion (Table 50) and the larger sites seldom having encountered this difficulty.

Table 50 OBSTACLES TO EXPANSION - THOSE WISHING TO EXPAND (PERCENTAGES)

	Hotels		Camps	
	Small (80)	Large (41)	Small (24)	Large (17)
None	17	15	21	41
Difficulties with:				
Money	72	76	42	12
Planning	14	20	37	47

(Source: Accommodation Survey)

As against this, more than one in three had met with difficulties in obtaining planning consent. It must be accepted that the numbers in these sub-divisions of the sample are rather small and the groups in each case are hetergeneous, containing many forms of camp-site, ownership, etc., in varying proportions. Nevertheless, the results seem to bear out the belief that it is more difficult to raise money for hotel than camp-site expansion, but less difficult to obtain planning permission. Indeed, large camp-sites seldom seem to have been affected by problems of financing expansion.

INVESTMENT PROBLEMS ASSOCIATED WITH HOTELS

157 The purpose of the rest of this Chapter is to assess the financial problems of hotel and camp-site investment in greater detail and to analyse the effects of fiscal policy on profitability.

158 Some of the problems of investment are well-known. For example, in Investment in Hotels and Catering[1], two fundamental difficulties in obtaining finance for development were identified. First, hotels, particularly new ones, are purpose-built buildings which are costly to adapt to alternative uses and, second, it is widely felt that both short and long-run profitability is low in relation to other investments and risks greater. This latter point is empirical, and one might think not difficult to establish, but, unfortunately, it is in practice hard to discover conclusive evidence on rates of return. As a result difficult terms are offered to potential borrowers and the market has failed to provide many agencies which are prepared to make long term loans. Two additional difficulties were also mentioned by the Economic Development Council for Hotel and Catering. First, it is usual that bridging finance in some form is required for a new project until it is built and has started producing a steady profit, and this has normally to be secured on some other assets. Second, companies or individuals who financed development by mortgage debentures tended to exhaust their chargeable assets. These difficulties, according to the EDCHC, were found not only in the case of small establishments, but also in that of large specialist companies. In view of this the EDCHC felt that the cost of capital for new development should be reduced by the government[2]. This, not surprisingly, has also been the view of the industry which has long complained of the "fiscal disabilities" placed upon it[3].

---

1 Investment in Hotels & Catering - op. cit. p. 56
See also: Caterer and Hotelkeeper - 23.3.67., p.38.

2 Investment in Hotels & Catering - op. cit., p.7.

3 See, for example, the comments of the British Hotels and Restaurants Association reported in Caterer and Hotelkeeper, 19.10.67., p.14.

Is the return low in Devon and Cornwall?

159 Rates of return to capital invested in hotels is likely to vary in different parts of the country. For example both costs and occupancy of similar hotels in different places may vary. There seems reason to think that returns to hotels in Devon and Cornwall may be below average and even when good returns might be expected, potential lenders seem shy of committing their money. For instance, of those hotels surveyed in our accommodation survey the majority had no plans for expansion: 85% of those in the 0-19 bed range, 61% in the 20-49 range, and 36% in the 50 + range (Table 49). In the case of the smaller establishments many reasons other than finance may have obtained for this, but the evidence suggests that at least for the larger hotels about half felt that the return to further investment was sufficiently high to make it worthwhile. The views of potential lenders, however, appear on the evidence to have differed markedly from those of the potential borrowers and the great majority of hoteliers wishing to expand their businesses were unable to obtain finance on suitable terms. (Table 50). It is, of course, to be expected that lenders will take a less sanguine view of a proposed project than the man who intends to carry it through, for, while the latter doubtless has confidence in his own entrepreneurship, the former will inevitably be sceptical.

160 In addition, according to information collected by EDCHC, the methods of estimating the profitability of new investment by many hotels, particularly the smaller ones, are such as to overstate it. Moreover, it was frequently the case, especially with extensions rather than new projects, that the return to the additional investment was of less importance than "safeguarding the existing and future profits by improving and extending the facilities provided. .... Consequently .... assessments of return to capital were not made, the decision being looked upon as being forced upon management"[1].

161 As discussed earlier, there are reasons for thinking that investment in improved facilities may allow a higher tariff to be charged, some of which may effectively increase profits in existing facilities and also ensure a better rate of occupancy. Thus, while the EDCHC Report found that returns to modernisation were very low, well below those to extensions or to new projects, it seems possible that in seasonal areas modernisation may be more profitable than extensions because there is more scope for improving the occupancy of existing accommodation. According to this report, the median rates of return to extensions and new projects were 11.3% and 7.5% respectively. Since rates of return in seasonal resorts are lower, it would appear that the rates of return to investment

---

1 Investment in Hotels & Catering - op. cit. p.38

in hotels in Devon and Cornwall may be lower than that of other investment. However, Merrett and Sykes[1] found that the after tax returns on equity investment in Britain in the period since the war had been about 8% for the economy as a whole, and it may well be that in the two counties, hotels offer a better rate of return to capital than does manufacturing industry. Capital, however, is mobile and therefore, the true comparison is with Great Britain as a whole, since if investment in hotels, in Devon and Cornwall is thought to offer a low return or to be risky, the alternative is not necessarily other investment in Devon and Cornwall, but investment elsewhere. Other forms of accommodation seem to offer better rates of return, although again fixed capital is inflexible in use. For this reason they have had little difficulty in attracting private capital.

Fiscal provisions

162. Returns to capital may be effectively lowered by taxation or improved by remittances of taxation, grants and other forms of financial assistance. Such provisions may act in one of two ways. Refunds and premiums of S.E.T., as discussed below, improve the return to capital already invested. Hotel loan schemes and investment grants are encouragements to new investments only. Opinion in the industry tends to favour the former type of support for a number of reasons. One, which is more valid than most, is that the subsidisation of new investment may lead to extensions whose own return is poor and which also lower rates of return on existing capital.

163. In view of these criticisms, it is well to review the extent to which assistance is available to the hotel industry. Recently, in fact, several new measures have been instituted which go some way to meeting the criticisms of "fiscal disability".

164. Schemes under which financial assistance has been, or is at present, available for hotels in Devon and Cornwall are set out in summary form below:-

<u>Hotel loan scheme</u>: this has taken two forms. With the first, which operated for one year only, 1950 - 1951, (Festival of Britain Year), the Government sought to alleviate the burden of purchase tax on hoteliers buying equipment. This was, as far as we have been able to ascertain, the first government scheme specifically designed to assist the hotel industry. So far as Devon and Cornwall are concerned, its value is, of course, primarily as a historic precedent.

The second scheme, (which operated between July 1966 March 1968) was less restrictive. It provided loan assistance for selected hotel developments within a total available budget of £5 million. Operating from January, 1967, (for work started from July 1966), it applied to projects costing not less than £20,000 for constructional work and fixed equipment and was designed to increase earnings from overseas visitors. No loans were in fact offered to projects in Devon or Cornwall.

---

1 <u>The Finance & Analysis of Capital Projects</u> - A. J. Merrett & Allen Sykes, Longmans 1963, p.73

Hotel development incentives: Loans and grants are provided for in the Development of Tourism Act 1969 which came into force on 25th August.[1] These are briefly as follows:-

(a) development grants for new hotels, extensions providing at least five additional bedrooms and also for some items of fixedequipment.

(b) loan assistance where appropriate towards financing new hotels, extensions and improvements.

The conditions of eligibility for these grants are less restrictive in various ways but there are requirements as to the size of the hotel, its operating methods, etc. This is the most ambitious scheme yet produced. It provides for rather larger grants for projects situated in Development Areas than elsewhere. The scheme is operated by the English Tourist Board which was also set up under the Act.

Board of Trade assistance for hotels in development areas under the Local Employment Acts 1960-66: Hotel projects which provide additional continuing full-time employment of at least 50 people in a Development Area or Intermediate Area may be considered for assistance. In practice, however, Government financial assistance for hotels is now mainly catered for through the provisions of the Development of Tourism Act 1969.

Council for Small Industries in Rural Areas: Tourism Credit Services: this is a scheme for small "tourism enterprises" in rural areas of development areas formerly organised under the Rural Industries Loan Fund Ltd., and now operated by the Credit Services Division of CoSIRA. Loans are considered for the provision of new or improved accommodation in most types of holiday establishment, including chalet sites, providing that the project is sound and the applicant can produce funds for covering expenses not met by the loan. This assistance is available for schemes which will result in increased holiday accommodation. Loans may not exceed £25,000 or 75% of the cost of the project, whichever is the less. They are of particular importance for the majority of rural establishments in Devon and Cornwall.[2] In fact, over the past year, 17 out of 20 applications from Devon and 33 out of 40 from Cornwall have received approval, accounting for loans totalling £351,025.[3]

---

1 Hotel Development Incentives - Cmnd. 3633, London, H.M.S.O. 1968

2 For more details see Tourism Credit Services, CoSIRA, London, 1968

3 Information received from CoSIRA.

Grants for rehabilitation of disused land: these grants are available under Section 20 of the Industrial Development Act, 1966 and are paid to local authorities towards the costs of acquisition and rehabilitation of disused land despoiled by industrial activity, which would otherwise remain in a derelict and unsightly condition. The development must normally contribute to the industrial development of the area but a car park development in St. Agnes has been approved.

Selective Employment Tax

165 The schemes above relate directly to the assistance of new development. Other taxes, and, in particular, S.E.T., act upon rates of return and thus influence new investment by way of its prospective profit. S.E.T. has come in for very heavy criticisms from hotels. They have argued that in view of their labour intensity, it imposes a relatively unfair burden upon them. It has also been argued that S.E.T. injures services designed to promote the holiday industry and is especially damaging in development areas. In fact, there have now been changes in S.E.T. which go some way to meet these criticisms, and in the next sections we attempt to assess their effects on hotel profitability. Here the structure of S.E.T. as it affects hotels is reviewed.

166 The current situation* is that normally hotels, along with other establishments, pay the tax on all employees who work over 8 hours per week (but a partial refund is made by the Department of Health and Social Security in respect of employees who work less than 21 hours a week or are aged over 65; this, however, must be reclaimed after tax has been paid) at the following rates:-

Men	37/6
Women/Boys	18/9
Girls	12/-

167 Refunds are, however, available in certain instances against the tax. These are of three sorts:-

A. a direct repayment of the amount paid. This is available to certain industries wherever situated.

B. an additional amount, payable to certain industries in development areas called the 'additional amount'. A. and B. together are often known as the Special Employment Premium.

C. a regional employment premium (R.E.P.) available to the industries in development areas which are entitled to B.

* i.e. March 1969 when this Report was completed. S.E.T. rates were revised from 7th July 1969 (48/-, 24/- and 16/-) but paragraphs 165 et. seq. are based on the pre-7th July 1969 rates.

168 The value of these rebates since 2nd September 1968 is:-

Table 51 S.E.T. REFUNDS FOR MANUFACTURERS IN DEVELOPMENT AREAS

	A Tax	B Additional Amount	A + B S.E.P.	C R.E.P.	A + B + C Total Refund
Men	37/6	7/6	45/-	30/-	75/-
Women/Boys	18/9	3/9	22/6	15/-	37/6
Girls	12/-	2/6	14/6	9/6	24/-

169 The position in outline is that manufacturing industry in Devon and Cornwall gets A if outside the Development Area and A + B + C if inside it. Most of those establishments comprising the holiday industry get no refund if outside the Development Area, but get A inside it if:-

i) the establishment is engaged in the activities of an hotel, inn, boarding house, guest house or holiday camp, but not of a camping site.

ii) it contains not less than four rooms available as sleeping accommodation.

iii) it is situated in the South Western Development Area.

iv) more than half those employed in the establishment are engaged mainly or wholly in the activities mentioned in (i), and less than half in other non-qualifying activities such as the sale of goods, or office work (managers, receptionists, clerks, etc.)

170 Thus, within the Development Areas much holiday accommodation gets a refund of payments of S.E.T. but no premium. It must be realised that this position is very recent. Not only have tax rates changed since the first imposition of S.E.T. in September 1966, but the availability to hotels in the Development Area of a refund dates only from September 1968.

S.E.T. and profitability

171 To assess the impact of S.E.T. on certain types of establishment we have analysed the financial structure of three "typical" but fictitious enterprises in Devon and Cornwall, namely: a large hotel with 100 beds, a smaller hotel with 40 beds and a reasonably well-equipped chalet site with 100 chalets.

172 The accounts have been prepared in a number of ways. In the case of the 100 bed hotel, figures are based upon information collected by the Bournemouth College of Technology and the South Devon Technical College[1]. In the other cases private sources have been used. None of the figures are firmly based on sample surveys or accounts of typical establishments, but there are grounds for thinking that they are not unrepresentative of enterprises of their respective types in Devon and Cornwall. On the other hand, it should be stressed that the figures have been prepared for one particular purpose, that of assessing the impact of S.E.T. We have, therefore, not used them for other purposes in the study, nor should they so be used.

173 Both the larger hotel and the chalet site are likely to be owned by private or public companies and to be run mainly by paid employees. The smaller hotel is likely to be family run, perhaps by a husband and wife or partnership, and this raises the difficulty of separating their remuneration as "workers" from that accruing to the capital which they have invested.

174 For convenience of comparison the main operating characteristics of the three establishments are set out in Table 52.

175 In each of the models we have excluded much, but retained the most important items of income and expenditure which are relevant for our analysis. We have also attempted to make the figures as plausible as possible, and so far as we have been able to ascertain they are reasonably realistic.

176 To calculate rates of return, we need to know the market cost of the assets (establishments). On the basis of the information in earlier sections of this chapter, the probable capital costs are assumed to be:-

Large hotel:	£80,000		
Small hotel:	at £3,000 + £1,100 per room - 20 rooms	=	£25,000
Chalet site:	100 chalets at £1,800 a chalet	=	£180,000

---

1 British Hotels and Restaurant Association, Information Group. S.W. Division Report for 1967.

Table 52 OPERATING CHARACTERISTICS OF THE ESTABLISHMENTS

Characteristics		Large hotel	Small hotel	Chalet site
Number of beds		100	40	400
Period open		whole year	whole year apart from owner's holiday	May - Oct. 23 weeks
Occupancy (over period open)		52%	46%	85%
Weekly terms:	Minimum	£20 per head	£12 per head	£10 per chalet
	Maximum	£30 " "	£16 " "	£26 " "
	Average	£25 " "	£14 " "	£20 " "
Facilities		Restaurant	Bar	Club bar Restaurant Dancing Sports
Annual Turnover:				
	Accommodation	£68,000	£13,500	£40,000
	Other	£32,000	£4,000	£25,000
	Total	£100,000	£17,500	£65,000
Organisation		Private company	Partnership	Public company
Labour force[1]:				
Whole year:	Men	25	1	4
	Women	25	1	2
	Total	50	2	6
Season only:				
	Men	10	2	3
	Women	10	3	6
	Total	20	5	9
Capital value		80,000	25,000	180,000

1 For convenience we have assumed that there are no part-time employees. On the evidence of Chapter 4 this too is unrealistic.

177 The specimen accounts appear as in Table 53. The returns to capital invested are given before taxation and are consistent with the findings of the EDCHC Report and with other attempts to estimate the returns to hotel investment. The return to the smaller hotel is lower, but we have imputed an earned income to the partners of £2,000 for their labour in the establishment. Whether they would divide their income in this way we do not know.

178 The data presented here are in no sense estimates for Devon and Cornwall. They are purely suggestive constructions built up on simplifying assumptions. The fact that the assumptions may not be entirely correct is not a serious handicap in the use to which we put these figures since we are not interested in the absolute values, but only in the relative position of each model as some variables alter. Since the same assumptions apply to each model, the comparison between them will not be distorted.

Table 53 PROFIT AND LOSS ACCOUNT OF THE ESTABLISHMENTS

Characteristics	Large Hotel	Small hotel	Chalet site
Food, drink, tobacco, etc.	£40,000	£7,500	£12,000
Labour bill:			
Wages and salaries	26,000	4,500[1]	8,000
S.E.T.	4,220	278	746
Payments in kind	5,780	622	254
Other expenses:			
Heat, light and power	4,500	1,000	2,500
Laundry	2,000	450	1,000
Rates	750	150	1,200
Maintenance and depreciation and furnishing	6,400	1,400	16,200
Net receipts before tax but having paid S.E.T.	10,350	1,600	23,100
Total Sales	£100,000	£17,500	£65,000
Capital values	80,000	25,000	180,000
Net receipts before tax as % of capital value, i.e. outside Development Areas	12.9%	6.4%	12.8%
Net receipts before tax as % of capital value with S.E.T. refund, i.e. inside Development Areas	18.2%	10.7%	13.0%

1 Includes imputed amount of £2,000 payable to management.

The effect of S.E.T. on rates of return

179 The amount of S.E.T. payable and, of course, the refund if in a development area, will depend upon the amount of employed labour. Its importance varies as between establishments because:-

i) chalet camps have lower staffing ratios than hotels,

ii) in the smaller hotel, the self-employed family does not pay S.E.T.,

iii) chalet sites use more unskilled labour than large hotels,

iv) different proportions of males and females are assumed to be employed.

The annual effects of S.E.T. have been estimated as follows:

Table 54 EFFECTS OF STRAIGHT PAYMENT OF S.E.T.

	Annual payment	As % of wages and salaries bill (including imparted income of partners in small hotel)	As % of turnover
Large hotel	4220	16	4
Small hotel	278	6	1½
Chalet site	746	9	1

180 We may now calculate the effects of changes in S.E.T. on the rate of return. Two possibilities are considered:-

a) refund of S.E.T. as now exists in Development Areas: (A)

b) refund plus "additional amount" plus R.E.P. (A + B + C)

There is, of course, a difference between the refund, and not having to pay S.E.T. in the first place. The difference consists in the fact that there is a time lag intervening between payment and refund, during which time a real cost is imposed on the establishment in that interest is foregone on the 'loan' to the government, amounting in the case of the large hotel to about £300 - £350 per annum, which, over a twenty-five year period, means a cost in present value terms of around £3,000 - £4,000. There is, consequently, little doubt that abolition of S.E.T. would be decidedly preferable to hoteliers to the refund. In order to simplify the computations we have not adjusted for this cost here, but it should be borne in mind that abolition would yield a slightly higher rate of return than the refund does.

181 The effect of (a) refunding S.E.T. and (b) refunding and giving a premium are set out in the table below:

Table 55 PRETAX RATES OF RETURN UNDER DIFFERENT S.E.T. LIABILITIES

	Large hotel	Small hotel	Chalet site
S.E.T. paid (Table 53)	10.3	6.4	12.8
S.E.T. refunded	14.6	10.7	13.0
S.E.T. refunded and premium paid	18.9	14.8	13.2

182 It is unlikely that the results of the changes postulated, or indeed of the imposition of S.E.T. itself, would be simple. The effects of raising the price of labour may be to economise on labour, either by lowering standards or by using more labour saving methods. Alternatively, prices may be raised and the amount of accommodation demanded may change according to the elasticity of demand. Moreover, the effect of S.E.T. may be to raise the prices of other inputs such as food, or influence the price and availability of labour in the area. The effect of these complex relationships is, however, likely to be small compared with the differences in Table 55.

183 This table brings out dramatically not only the changes in rates of return which may be expected under the different assumptions, but also the fact that S.E.T. and refunds affect different types of establishment in very different ways. In particular, if hotels in development areas were to be treated on the same basis as manufacturing industry, the rate of return on high quality accommodation would rise considerably because of its relative labour intensity - in our example, to well above the return on the chalet site. With labour intensive industries like the hotel industry, it is, of course, to be expected that payroll taxes of any kind are likely to have marked effects on profitability and hence upon the growth of the industry. In addition, however, to the upward changes in returns which we have mentioned here, it should be noted that the reverse also holds. For example, outside the South Western Development Area, the effect of S.E.T. is to discriminate against the higher quality hotels and hence to encourage the provision of lower quality or 'do-it-yourself' type accommodation. Within the Development Area the rebates and, a fortiori premiums, were these available, would tend to encourage relatively more expansion of better quality accommodation than there has been in the past. Of course, some smaller hotels offer a high quality of service too, and where this is the result of high labour intensiveness, the same arguments would apply.

184 In these examples we have over-simplified matters by ignoring changes in the labour force and changes in tariffs, but these cannot, for the various reasons given above, be expected to alter the relationships a great deal. It is also the

case that many smaller hotels run without employees and are, therefore, unaffected by the changes in S.E.T. Nevertheless, refunds of S.E.T. and even more premia, ought to lead to an expansion of investment, particularly in the higher quality forms of accommodation, which is frequently argued to be desirable as international competition between holiday areas grows. The refund does not have a marked effect on the newer forms of accommodation - the 'do-it-yourself' type, but these are already quite profitable, and, as we have seen, are expanding relatively fast in the South West.

185 This discussion has centred entirely upon rates of return. It was noted earlier that size for size, establishments with resident proprietors tend to have grown and have more plans for growth than company owned establishments. It is likely that expansion in the former cases is less correlated with profitability than in the latter, so that the effectiveness of techniques designed to stimulate expansion by way of increasing profitability may not be as successful as it is sometimes suggested. On the other hand, resident proprietors may often have to borrow from outside at going rates for establishments of their type. They take considerable pride in their properties and providing that the improvement in profit covers the extra payments of interest and redemption, they may feel justified in making the improvement. They may also feel that the return to their own labour may be increased by investment. Under these conditions, there may well be a threshold rate of return slightly above that which would cover the loan charges. If profits were to move above this rate, a great many resident proprietors might consider improving or enlarging their establishments and it seems possible that the refund of S.E.T. and more particularly a premium, would be sufficient to cover this threshold.

CHAPTER SIX

OPERATION OF ACCOMMODATION

186 This chapter touches on a number of points concerning the operation of accommodation, which are not directly related to capital or labour. They are, again, mostly based upon information collected during the survey.

SIZE AND ORIGIN OF UNITS

187 Table 56 (a), (b), (c) and (d) shows the sizes of hotels according to the maximum number of persons they can accommodate and of camp sites according to the number of units for which they are licensed. If we can assume that the number of persons per unit does not alter with the size of the camp, and there is no reason for thinking that it does, then we can make comparisons between these types of accommodation in terms of the extent to which holiday-makers are concentrated within the larger hotels and sites. The first noteworthy characteristic of holiday accommodation however is the high proportion of small establishments. As a result a relatively large percentage of visitors is accommodated in the smaller hotels. This can be contrasted with the position for camp-sites where, particularly in the case of static and mixed ones, quite a high percentage of holiday-makers is accommodated in the bigger establishments. If to the hotel position we add accommodation in bed and breakfast establishments, most of which has been omitted from this distribution, the contrast becomes even more marked. One reason for these differences is probably the ease with which private dwellings (or other buildings such as nursing homes) can turn into hotels and back again, compared with the problems of planning permission and the initial expenses of fixed communal facilities on camp sites.

188 The relative ease of entry and withdrawal from operating small hotels as compared with camp sites and larger hotels is also reflected in the distributions of the ages which were shown on Tables 40 and 46 in the last chapter. Direct evidence of the extent to which smaller hotels have in fact been developed from private houses is in Table 39. Even in the largest group given, about half of the hotels originated in this way, but it is unlikely that many homes suitable for forming even the nucleus of larger hotels are still in private occupation, and modern hotel developers prefer, in any case, to erect new, purpose-built, buildings.

Table 56 ACCOMMODATION UNITS BY SIZE

(a) Hotels:

Capacity (persons)	Number of Establishments	%	Approximate % of total capacity in size groups
1 - 19	1865	48.0	15.3
20 - 49	1538	39.5	44.0
50 - 99	352	9.1	21.7
100 - 199	110	2.8	13.3
200 and over	22	0.6	5.7
	3887	100.0	100.0

Based on Miles-Kelcey data-cards, which were most kindly supplied by them. The figure is slightly below their total because some cards were rejected by our machine as not containing the required data.

(b) Static Sites over 75% of units static
(Chalets and static caravans)

Capacity (units)	Number of Establishments	%	Approximate % of total units in size groups
under 24	238	61.7	11.4
25 - 49	42	10.9	7.4
50 - 74	31	8.0	9.2
75 - 99 (1)	15	3.9	6.2
100 - 199	30	7.8	21.5
200 - 299 (2)	18	4.7	21.5
300 and over (3)	12	3.1	22.9
	386	100.1	100.1

(1) Includes 1 catering camp
(2) Includes 5 catering camps
(3) Includes 1 catering camp

Based on county licensing figures and annual returns for 1966.

Table 56 Continued

(c) Mobile sites over 75% of units mobile (touring vans or tents)

Capacity (Units)	Number of Establishments	%	Approximate % of total units in size groups
Under 24	240	69.8	19.1
25 - 49	42	12.2	12.4
50 - 74	21	6.1	10.4
75 - 99	7	2.0	4.8
100 - 199	24	7.0	28.7
200 - 299	6	1.7	11.9
300 +	4	1.2	12.7
	344	100.0	100.0

Based on county licensing figures and annual returns for 1966

(d) Mixed sites 25% to 75% of units mobile

Capacity (Units)	Number of Establishments	%	Approximate % of total units in size groups
Under 25	37	29.6	3.2
25 - 49	23	18.4	7.3
50 - 74	13	10.4	7.0
75 - 99	10	8.0	7.5
100 - 199	27	21.6	34.9
200 - 299	9	7.2	19.4
300 +	6	4.8	20.7
	125	100.0	100.0

Based on county licensing figures and annual returns for 1966.

189 Large hotels stay open for more of the year than smaller ones, while camps hardly open outside the period Easter to October.

Table 57 PERIOD OF OPENING OF HOLIDAY ACCOMMODATION

	Size (beds)		Whole Year	Whole Year except for short break	Easter - October	May onwards
			%	%	%	%
Hotels:	1 - 19	(70)	27	1	29	40
	20 - 49	(176)	40	5	37	16
	50 - 99	(71)	42	8	46	3
	100 and over	(29)	55	-	34	-
Camps:						
	Small static	(30)	7	-	57	37
	Large static	(14)	-	-	79	21
	Small mixed	(11)	9	-	73	18
	Large mixed	(14)	-	-	100	-
	Small mobile	(12)	8	-	58	33
	Large mobile	(4)	-	-	75	25

(Note - where camp sites are open all the year this often indicates that they are partly residential.)

Based on figures from our Accommodation Survey.

190 The economics of remaining open are complex and it seems that camps which have high occupancy rates over the short season for which they are open, and were indeed designed to be open, are more profitable than hotels which have similar summer occupancies but low winter ones. In particular, catering camps are only viable if they are almost full for the whole period for which they are open, whereas self-catering camps can afford lower occupancies. Location too, may affect the length of the period of opening. For instance, the north coasts of the two counties have shorter seasons than the southern ones (Table 58). However, the economics of seasonal operation are discussed below in Chapter 12.

Table 58 PERIOD OF OPENING ACCORDING TO AREA

Camps:		Whole Year	Whole year with short break	Easter - October	May onwards
		%	%	%	%
N. Cornwall	(18)	5	-	67	28
S. Cornwall	(11)	9	-	73	18
N. Devon	(16)	-	-	94	6
S. Devon	(38)	1	-	61	37
Hotels:					
N. Cornwall	(95)	26	3	41	29
S. Cornwall	(51)	35	12	43	10
N. Devon	(41)	24	-	46	29
S. Devon	(116)	41	3	42	15

Based on Accommodation Survey.

Note:
1. Not all survey areas could be used since some covered both north and south coasts or were inland. The figures above are not, therefore, exactly comparable with those in Table 57.
2. Camps based on very small numbers.

BOARD PROVIDED

191 Large hotels offer fuller board than smaller ones (Table 59), but often hotels of all sizes which offer full board at the beginning and end of the season, may drop to bed, breakfast and an evening meal over the peak. The factors behind this are partly supply, that is to say hotels when full can operate without engaging extra staff if they reduce the service they offer, and partly demand. In this latter respect, it must be noted that very few places now limit themselves to bed and breakfast, even in the smallest category, since an evening meal is nowadays expected to be available. Indeed, the traditional seaside bed and breakfast establishment has almost vanished. Those establishments which limit themselves to bed and breakfast today are largely inland and cater mainly for short stay, casual visitors. Provision of an evening meal in these is made difficult by the fluctuations in demand but it will often be provided if booked in advance.

Table 59 BOARD OFFERED MID-SEASON BY HOTELS

Size (beds)		Full Board	Bed, Breakfast Evening meal	Bed and Breakfast
		%	%	%
1 - 19	(70)	18	66	16
20 - 49	(176)	56	43	1
50 - 99	(71)	85	14	1
100 and over	(31)	90	3	6

Based on Accommodation Survey

RESIDENT PROPRIETORS

192 Resident proprietors were asked a number of questions designed to find out their experiences within the trade and their attitudes towards it. It might be thought that when it is so easy to enter or leave, proprietors would have little experience. In fact, this is not true, the average length of time in the hotel business even for small hotels being twelve years, and fifteen for larger ones (Table 60).

Table 60 LENGTH OF TIME IN BUSINESS OF RESIDENT PROPRIETORS

		Average number of years	Percentage with over 20 years experience
Hotels:	Large	15.2	35
	Small	12.0	25
Camps:	Large	11.6	10
	Small	10.9	17

Based on Accommodation Survey.

Camp site proprietors of both size groups given have rather similar lengths of experience, about eleven years, but this may reflect the large number of camps established during the mid-1950's.

193 In larger establishments with resident proprietors, the family is usually involved and only occasionally do other members of the family have outside full-time occupations. With smaller establishments a higher proportion have such jobs, presumably because in many cases the establishment cannot support the family completely. As can be seen in Table 61 the husband has another full-time job in about a quarter of the smallest hotels and camp sites, presumably in the latter case often as the farmer on whose land the camp lies. However, even in the smaller establishments two thirds manage to operate without other members of the family taking full-time work.

Table 61 PERCENTAGE OF ESTABLISHMENTS WHERE OTHER MEMBERS OF THE FAMILY LIVE IN THE ESTABLISHMENT AND HAVE OTHER FULL-TIME JOBS

	Hotels		Camps	
Member	Small (216)	Large (65)	Small (41)	Large (18)
None	67	89	61	83
Husband	24	2	29	6
Wife	1	2	5	-
Other	8	7	5	11

Based on Accommodation Survey.

Table 62 RESIDENT PROPRIETORS WHO HAD CONSIDERED LEAVING THE BUSINESS (PERCENTAGES)

	Hotels		Camps	
	Small (222)	Large (68)	Small (45)	Large (20)
No	70	87	78	65
Yes - for retirement	6	3	7	10
Yes - for other reasons	23	10	16	25

Based on Accommodation Survey

194 In general, resident proprietors seem reasonably satisfied with their work, neither wishing to leave the industry (Table 62) nor to move to larger establishments (Table 63), although, as we have seen in Chapter 5, quite a high proportion are prepared to expand their existing establishments.

Table 63 RESIDENT PROPRIETORS WHO HAD CONSIDERED MOVING TO LARGER ESTABLISHMENTS (PERCENTAGES)

	Hotels		Camps	
	Small (227)	Large (69)	Small (45)	Large (21)
Yes	23	12	6	14
No	77	88	94	86

Based on Accommodation Survey.

SOURCES OF INFORMATION

195 We hesitated to ask proprietors whether they had any particular qualification for their jobs, but did ask whether they had any difficulty in obtaining technical information, to which a very high proportion said they had found none (Table 64). We also asked all establishments, both with resident proprietors and managers, whether they took trade papers and where they sought information on new developments (Table 65). Only about half of the smaller establishments of both types take trade papers, but over 90% of the large ones do. Information is also sought from a wide variety of other sources, although a

significant proportion of smaller establishments, again of both types, seem to feel no need to seek it. The main sources, outside the trade press, are exhibitions, local associations and simply observing what others do. Technical colleges are not used and even trade representatives are seldom employed as a source of information.

Table 64 RESIDENT PROPRIETORS WHO HAD DIFFICULTY IN GETTING TECHNICAL INFORMATION

		%
Small hotels	(208)	4
Large hotels	(67)	7
Small camps	(40)	2
Large camps	(19)	11

Based on Accommodation Survey.

Table 65 SOURCES OF INFORMATION ON NEW DEVELOPMENTS (ALL ESTABLISHMENTS)

	Small Hotels (201) %	Large Hotels (68) %	Small Camps (34) %	Large Camps (19) %
Not sought	16	3	24	-
Exhibitions	33	34	12	32
Bulletins	5	1	-	-
Trade press	40	69	38	58
Technical colleges	2	3	-	-
Trade representatives	9	7	3	5
Local associations	22	16	21	26
Own observation	10	10	12	21

Based on Accommodation Survey.

Percentages add to more than 100 since more than one source was used in many instances.

STAFF TRAINING

196 As far as training of staff was concerned, only one question was asked, namely about day release. This question was not thought relevant to camp sites and the figures here relate to all hotels, not just to those with resident proprietors.

Table 66 HOTELS WITH WORKERS ON DAY RELEASE (ALL HOTELS)

Size (beds)		%
1 - 19	(32)	3
20 - 49	(152)	7
50 - 99	(70)	24
100 and over	(27)	52

Based on Accommodation Survey.

Day release, as can be seen in Table 66, is used to any extent only by hotels with over 100 beds, there being a strong tendency for it to be more common with increasing size.

197 Under the present Hotel and Catering Industry Training Board training schemes, all hotels with a pay-roll under a certain size, at present £4,000 p.a., neither pay the levy, nor are entitled to receive training grants. Even above this level, self-employed persons on the staff, which in this case would normally be the resident proprietor and his family, can receive no benefit from the scheme. No figures are available for the proportion of the 3887 establishments in Table 56 (a) entitled to be in the training scheme, but from figures of average wages and average numbers who are employed, it would appear to be about one third. The others are at present unable to receive any assistance from the scheme whether they wish it or not. It seems to us that some form of training assistance, particularly in management skills would be of great benefit to these smaller units, enabling the more active to expand and offer a better service.

SOURCES OF SUPPLY

198 As might be expected, smaller establishments make more use of local sources of supply than large ones, although this varies with the type of goods. The number of "mixed" and "mobile" camp-sites which answered this question was small, often because it was inapplicable, so figures here are only given for two

size groups of static sites. For hotels, the proportion using local tradesmen falls with increasing size in every case. With static camps this is usually so, but not always, possibly because factors other than size are important and possibly because of the small numbers of camps, 20 large and 6 small, who answered most of these questions.

199 The main alternative to local retailers for most types of goods is local wholesalers. Cash and carry organisations, a recent and growing form of enterprise in the area, are already important in groceries and clearly are starting to be important in other fields. In the case of frozen foods there was probably some difficulty for respondents in replying since the main national producers have local depots which supply direct to all sizes of establishment and respondents may not have known whether to call them national or local. Local wholesalers are important in groceries and vegetables, particularly with larger establishments - indeed the larger hotels do not use retailers for these products. National wholesalers are also important in the supply of furniture, but again only with the larger establishments.

200 While the pattern of lessening reliance on local resources with increasing size is clear, even large hotels may find it convenient to use local suppliers for some items, although, as sometimes explained it may be largely to keep trade within a local community of which they feel part and which can sometimes offer custom to them in return. A number of smaller establishments was found to be paying full retail retail prices for supplies (some may have altered this after answering the questionnaire!). It is clear, however, that larger establishments can command lower prices or buy from nearer the producer for many products. It is not possible to tell how great an advantage this is. Some of the larger hotels fail to use wholesalers for some products, which suggests it may not always be decisive. Indeed, many retailers will offer quite considerable discounts for large quantities. Few hotels are members of a group, but even in these cases enforced central buying is probably rare, so that managers often have the option of choosing local suppliers. One thing, however, is certain, while units are small, they are more likely to provide a market for local suppliers.

201 A further point of interest in operating accommodation, the problem of seasonality, is dealt with in Chapter 12, under that title.

Table 67 PERCENTAGE OF ESTABLISHMENTS USING LOCAL TRADESMEN FOR SUPPLY OF CERTAIN PRODUCTS

	Hotels (beds)				Static Camps (persons)	
Capacity -	1 - 19	20 - 49	50 - 99	100 and over	under 750	750 and over
	% (70)	% (170)	% (70)	% (28)	% (23)	% (10)
Product:						
Milk	90	84	89	61	74	60
Bread	83	67	54	54	32	10
Meat	91	74	61	48	80	67
Fish	92	78	68	57	67	67
Vegetables	90	80	77	57	62	67
Groceries	64	24	21	-	13	11
Frozen Foods	59	16	10	4	10	-
Soft furnishings	82	77	50	41	28	33
Other furnishings	87	76	48	38	28	50

Based on Accommodation Survey.

Note: The numbers answering differed slightly for different products, especially for camps where some products were not bought by all establishments.

CHAPTER SEVEN

ANCILLARY HOLIDAY FACILITIES

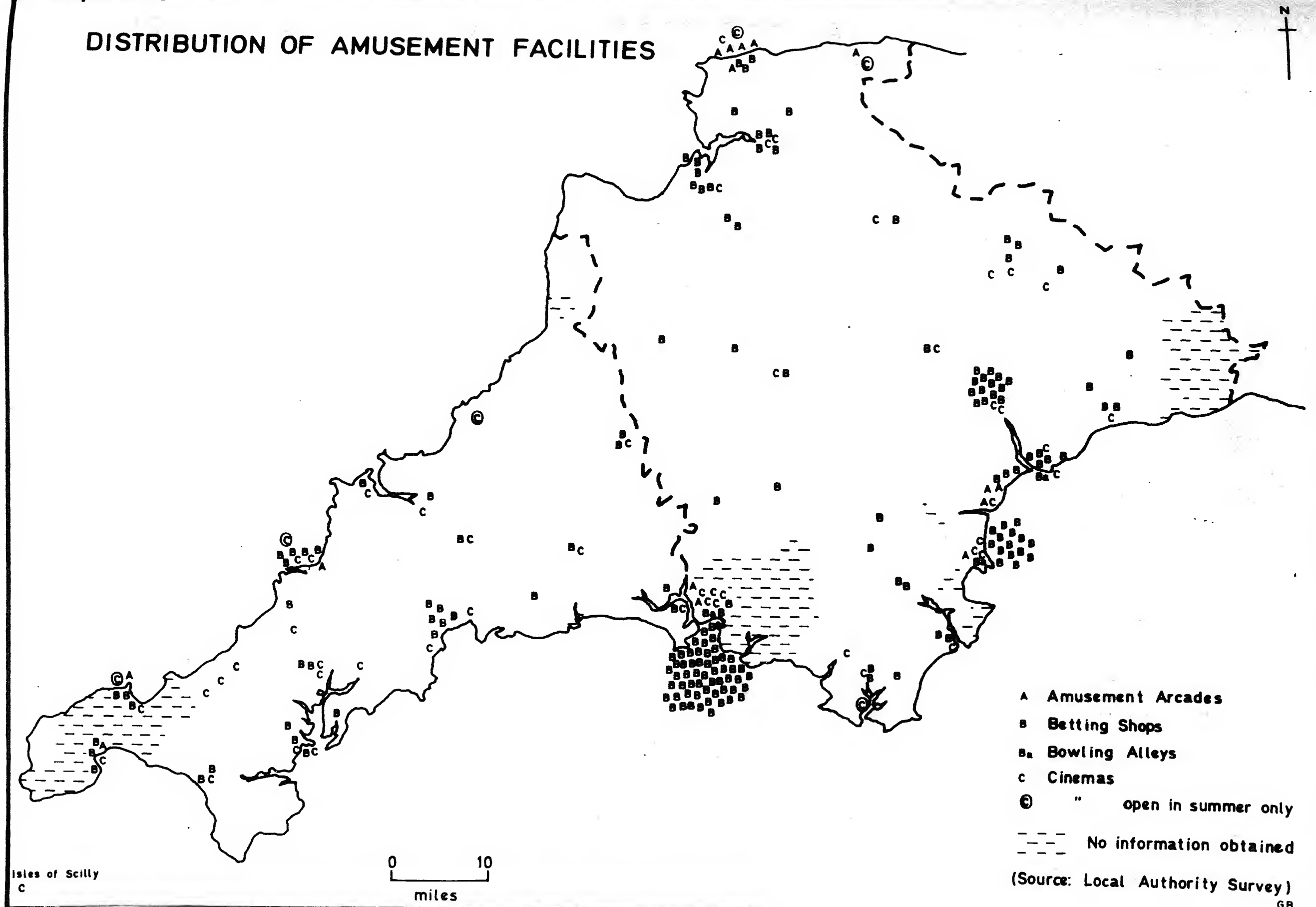
202 Up to now attention has been concentrated on accommodation. This chapter is concerned with certain other facilities used by holiday-makers and, in particular, amusement facilities. It may be useful here to distinguish between recreation in the widest sense and amusements. Many of the forms of recreation enjoyed by holiday-makers make use of public facilities which are either not directly paid for, such as beaches and the coastal footpath, or which are provided by local authorities as part of a more general provision for recreation, such as tennis courts. Charges for the latter may, or may not, cover the costs of provision, but many local authorities are prepared to subsidise such sporting activities out of the rates.

203 Amusements, in contrast, are normally provided privately and even where provision is by the local authority, for instance in the case of local authority-owned theatres, the intention is to cover costs and to make a profit. While it is difficult sometimes to provide a strict definition which would place any particular enterprise in one class or the other, it should be realised that amusements as defined here are economically far more important than recreation, although recreation facilities are often the magnet which draws holiday-makers to the area in the first place.

204 According to Miles-Kelcey's study, the main recreations of holiday-makers in the South West are using beaches and sight-seeing. A large number of more active sports was mentioned, but the proportion indulging in them was small. As regards amusements, the most popular forms reported are given in Table 68. Apart from watching television, these activities usually involved the use of facilities away from accommodation and therefore gave rise to other forms of holiday enterprise which, in most cases are also used by residents, to a greater or lesser degree. In Maps 6 and 7 we have attempted to show the distribution of such enterprises as well as other amusement facilities in the two counties,based on information supplied by local authorities. It is impossible to provide exact locations, particularly in the large authorities such as Truro R.D. which spans Cornwall from coast to coast. Nevertheless, it is hoped that the maps will convey a general picture of the way in which amusement facilities are grouped. This is discussed further below.

Map No. 6

DISTRIBUTION OF AMUSEMENT FACILITIES



Map No. 7

DISTRIBUTION OF AMUSEMENT FACILITIES

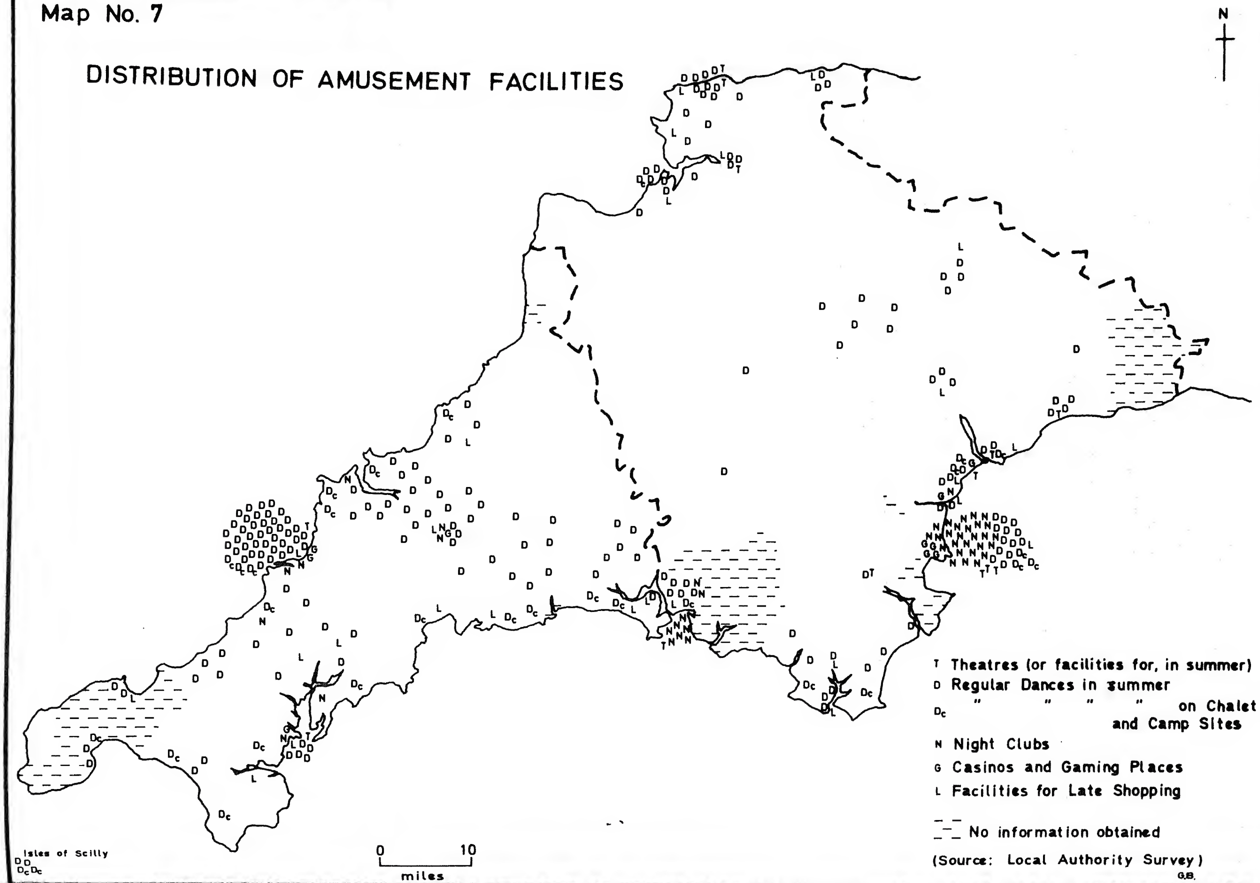


Table 68 MAIN FORMS OF AMUSEMENT INDULGED IN BY HOLIDAY-MAKERS IN THE SOUTH WESTERN COUNTIES - PERCENTAGE REPORTING HAVING PARTICIPATED THE PREVIOUS DAY

	Family Group		Non Family Group	
	Male	Female	Male	Female
	%	%	%	%
Using public houses or bar	36	32	48	41
Watching T.V.	23	25	19	19
Shopping	42	48	36	45
Eating-out	34	42	45	53
Dancing	6	10	8	9
Cinema, Theatre, etc.	5	6	6	7

(Source: A Study of Tourist and Holiday Facilities in South West England - B.T.A. - Miles-Kelcey, January, 1969)

SHOPPING

205 Since shopping was one of the most frequently mentioned activities, this will be a convenient point at which to discuss the effect of holiday spending on retail trade. In most areas of Devon and Cornwall, even in holiday areas, the expenditure in shops by local residents is probably far greater than that by holiday-makers. On the other hand, holiday-makers' expenditure is concentrated on a certain range of goods and although this range is surprisingly wide, as is instanced later in the purchase of second-hand cars, it will differ from that of local residents. As a result, the types of shops which arise in holiday areas differ from those elsewhere, although this is difficult to establish firmly from the information in the Census of Distribution. Second, there is a seasonal pattern in retailing which gives rise to winter unemployment similar, but on a smaller scale, to that in hotels and catering.

206 From the 1961 Census of Distribution, it is possible to see on a rather broad statistical basis certain differences between the X, Y and Z areas in respect of their shopping facilities. For example, as can be seen from Table 69, there is a marked tendency for both holiday and semi-holiday areas to have more ample facilities than non-holiday areas; more retail establishments per 1,000 population,

although smaller ones; relatively more people engaged in retail trade[1] and a higher turnover per head of resident population. The efficiency of these shops, as measured in turnover per person engaged, does not, however, vary much between the different types of area.

Table 69 RETAIL TRADE CHARACTERISTICS

	Urban areas			Rural areas				
	X	Y	Z	X	Y	Z	S.W. Region	G.B.
Retail establishments per 1,000 resident population	14.87	17.59	11.37	9.05	7.5	6.22	*11.0 ø11.3	11.257
Persons engaged in Retail Trade per 1,000 resident population	60.62	63.19	55.84	22.58	17.84	16.26	*43.6 ø44.8	42.7
Persons engaged per retail establishment (i,e. average shop size)	4.08	3.59	4.91	2.49	2.38	2.62	3.96	3.79
Retail turnover per head of resident population £	219.69	222.8	207.03	81.74	59.94	61.2	*165 ø169.5	173.9
Turnover per person engaged £	3,624.19	3,525.6	3,707.67	3,620.5	3,360.13	3,763.98	3,782.59	4,070.38

(Source: 1961 Census of Distribution)

207 Parameters of retail trade need careful consideration. For instance, the proportion of the population engaged in retailing differs greatly between urban and rural areas, which makes it difficult to interpret figures for employment

---

1 "Persons engaged" (full time or part-time) is the "manpower figure" used in Censuses of Retail Distribution. It includes employers, employees, family workers and worker on own account. Part-timers have been counted as a half of full-time workers here.

* Using Standard Region population figures.

ø Using Planning Region population figures.

given by employment exchange areas, where it is not possible to isolate the urban and rural components. Turnover per head of population is also a difficult variable to interpret, being very high in small isolated towns, (the highest in the area is Holsworthy U.D.), while large cities with important shopping areas have figures not far above the average. This is, of course, because the population in their rural catchment areas is small relative to their own population. Nevertheless the figures in Table 69 do suggest that holiday spending in shops is relatively concentrated in those areas where holiday-makers are accommodated and that this has a significant effect both on the number of shops and the numbers of persons engaged in them. They also suggest that in these areas turnover is probably raised by some 10-15% by the presence of holiday-makers.

208 Figures are also given in Table 69 for the South West region and for Great Britain. Unfortunately it has not been possible in these instances to separate urban and rural areas. Differences between these are far greater than those between holiday and non-holiday areas. However, the figures suggest that Devon and Cornwall in general, have rather large numbers of shops per thousand population and that these shops, even in the urban areas, tend to be fairly small although this seems as likely to be a function of the size of town as of the holiday industry.

Late shopping

209 Complaints are often voiced about the early hour at which facilities including shops close down in British resorts. An attempt was made to get information on late-opening of restaurants and cafes under the new Act requiring registration of refreshment houses, but unfortunately registration is at present incomplete in many areas and a number of local authorities were unable to reply. For other sorts of late shopping the position is given in Table 70. As might be expected, it is more common for shops to open late in urban than in rural areas and in urban resort areas than elsewhere. It is, however, relatively uncommon in semi-holiday urban areas.

Table 70 NUMBER OF LOCAL AUTHORITIES WITH FACILITIES FOR LATE-SHOPPING (LOCAL AUTHORITIES REPLYING ONLY)

		Yes	No
X areas	Urban	10	4
	Rural	3	3
Y areas	Urban	3	8
	Rural	3	8
Z areas	Urban	6	8
	Rural	-	4

(Based on Local Authority Questionnaire)

210 According to Miles-Kelcey's survey, eating meals out or drinking in a public house or bar are amongst the most popular activities of holiday-makers (Table 71). No comprehensive figures exist for the number of places in which

Table 71 PERCENTAGE WHO HAD PARTICIPATED IN EATING OUT OR DRINKING IN A PUBLIC HOUSE OR BAR

	Family Group		Non Family Group	
	Male %	Female %	Male %	Female %
Eating out	34	42	45	53
Using public house or bar	36	32	48	41

(Source: A Study of Tourist and Holiday Facilities in South-West England - B.T.A. - Miles-Kelcey, January, 1969.)

meals and/or drinks can be obtained in Devon and Cornwall. Certain information is available from the rating summaries on public houses and restaurants, but quite apart from the fact that hotels may also fulfil these functions, it is clearly a matter of some difficulty in many cases to classify such establishments. A further difficulty is the proliferation of club licences. Clubs exist in many forms, some, such as the residential clubs,which form part of many non-licensed hotels,being concerned with holiday-makers and others primarily connected with the needs of residents.

211 Possibly as a result of club licences and of the number of hotels with licences, the number of public houses in resort areas is not above that which would be expected on the basis of their resident population. On the other hand, restaurants do form a higher proportion of total rateable value in holiday areas, than in non-holiday areas. Observation suggests that recent changes in accommodation towards more self-catering have increased the demand for eating out and that new restaurants and cafes have been opened to meet it.

Late licensing

212 Again, the question of the early hours kept by South West resorts has been raised. It is mainly connected with the hours during which alcoholic drink can be legally purchased and this is a matter of some complexity. In general,

the time after which it is no longer possible to get alcoholic liquor depends upon a number of factors, the principal of which are :-

a) the general closing time set by the local justices[1]. This is legally not later than 10.30. p.m. except where the licensing justices are satisfied that the requirements of the district make it desirable, when it can be extended to 11.00 p.m. With a number of exceptions, resorts make use of this extension in summer.

b) where food is provided, drinking is allowed for half an hour after the normal permitted hours for the area.

c) for residents in a licensed hotel there are no restrictions on drinking hours.

d) for places offering substantial refreshment and live entertainment, a licence to 1.a.m. is permitted and when dancing is provided, until 2.a.m.

These hours apply both to public places, for example hotels, and to clubs. It is, however, usually easier for a club to obtain a late licence and club licences are normally held by chalet sites, so that in some cases late entertainment seems to have gravitated into such places and to be one of the reasons for their popularity.

213 In considering applications for licences, the licensing justices are advised by the police and objections by other parties can be lodged. No doubt public opinion is also taken into account to some extent - public opinion being mainly that of the residents and not of the holiday-makers. As a result the distribution of such facilities, which is shown in Map 8, has been influenced by two forces. First, because a high proportion of those with leisure, that is holiday-makers, are on the coast, most of the amusement facilities are also in these areas. Secondly, the existence of such facilities and the form they take varies within the coastal part; some areas are devoid of evening entertainment and others have a high concentration. For example, except for Newquay and Torquay, places where visitors can enjoy dancing appear to be rather widely separated, and establishments specialising in late licence dancing and entertainment hardly appear except in Torquay. Yet even here, many of them are not really night clubs but simply small discotheques which close at about eleven or midnight. The different ways in which licensing justices grant permission for late licences can be seen in the contrast between Torquay and Newquay (Table 72), the former place having a large number of night clubs but relatively few other places to dance in; Newquay having few night clubs but a large number of other dancing places. It therefore appears that only the major resorts can really be said to offer any wide

---

1 Details here and below are from "The Plain Guide to Licensing Law" - The Review Press, 1967.

Table 72 HOLIDAY AREAS WITH REGULAR DANCING

		Night Clubs	Other Places: Excl. Camps	Other Places: In Camps
B. Salterton	U.D.	-	-	-
Dartmouth	M.B.	-	1	-
Dawlish	U.D.	-	3	3
Exmouth	U.D.	-	2	1
Falmouth	M.B.	1	5	-
Ilfracombe	U.D.	-	9	-
Lynton	U.D.	-	3	-
Newquay	U.D.	2	40	3
Penzance	M.B.	-	2	1
Salcombe	U.D.	-	3	1
St. Ives	M.B.	-	2	-
Teignmouth	U.D.	1	2	-
Torquay	M.B.	27	13	3
Barnstaple	R.D.	-	-	-
Camelford	R.D.	-	3	1
Isles of Scilly		-	2	2
Kingsbridge	R.D.	-	4	2
Truro	R.D.	2	8	2
Wadebridge	R.D.	-	19	3

range of evening amusements. Furthermore, in other areas, as mentioned above, what amusements exist are quite often confined to camp sites and therefore not available to all visitors.

Reasons for lack of evening entertainment

214 One cannot expect all resorts, particularly the smaller ones, to offer a wide range of amusements, but undoubtedly resorts in the two counties compare unfavourably with some overseas areas (although probably not with other British ones). It is not clear why this should be the case, but it is possible to offer a number of suggestions:-

Lack of demand. At the ends of the season there is a predominance of older visitors and during the main season, of families with young children. In both cases these groups are relatively immobile, which is a reason for their having chosen a holiday area which is nearer their homes than are the continental resorts, and this immobility also manifests itself in their low demand for evening amusements.

Licensing laws. The British licensing laws discussed above undoubtedly have a very considerable effect upon the evening life of our resorts. Although they operate directly only on those establishments selling alcoholic drinks, they influence indirectly a number of other types of establishment, for instance theatres and their performance times. Also, where evening entertainment exists, its form is often controlled by the licensing situation. That is, it may be public or in clubs, linked with dancing and so on, due, not to the prevailing demand by customers, but by the form of licence which is permitted locally.

Planning controls. These controls probably act rather indirectly. The type of building in which it is economically possible for an amusement facility to operate is often rather old and possibly rather decrepid. Planning controls tend to encourage the elimination of such buildings and in the replacements a totally different type of enterprise is likely to arise. Moreover, applications for changes of use to amusement establishments are likely to be resisted where it is thought that residents nearby will be inconvenienced. It must be realised that holiday-makers and residents use rather different hours of the day and live rather different lives. This is particularly true of retired residents and young holiday-makers, but all of us tend to stay up later while away from home on holiday. As a result there is a tendency for potentially noisy amusement facilities to be allowed only in certain parts of towns. In larger towns these parts can be fairly well defined and a concentration of "fun"develops. In smaller towns, particularly with a large retired resident population, such a segregated area is not possible and as a result there is very little evening amusement. In other areas, such as small fishing ports, preservation of a day-time character conflicts with the necessary adjuncts of a cheerful night life, such as neon-signs.

Fear of undesirable visitors. This is a factor which has operated quite strongly in a number of areas and has led to certain measures of control by its effect both upon licensing justices, planning committees, the police and so on, all of whom, in response to local feelings, tend to administer regulations in a restrictive way, for example by refusing applications for extensions to licensing laws.

Unprofitability. We have not been able to examine the profitability of any of these forms of amusement facility. Often they are probably not profitable alone, but may make a reasonable return to capital when run in conjunction with accommodation, for example dancing in a hotel or on a chalet site. There is very recent evidence of more capital being invested in amusements in certain urban areas, but smaller resorts seem unlikely to receive much benefit, probably because the size of unit which they could sustain could not cover the fixed operating costs. For instance, a dance band is expected to be of at least a certain minimum size even if the number of dancers is small. It is possible that the seasonal nature of demand also militates against profitability.

215 It is wrong to suggest that all resorts ought to offer a full range of evening entertainment. There is undoubtedly room for the quiet resort as well as the noisy one. Quiet however, must not be confounded with select - some select resorts offer quite lively (but select) night life. Nevertheless, the pressure on such resources which exist, particularly sea-side theatres, which are often very fully booked, suggests that there is a large unsatisfied demand for evening amusement and that resorts in Devon and Cornwall are handicapped by their inability to offer it. A particular need would seem to be small scale evening facilities, suuh as bars with a cabaret operating until say 12 o'clock, which are not inconsistent with the character of a small quiet resort. They would, however, be almost impossible to establish in the face of planning and licensing restrictions as at present operating. As against this, the residents of Devon and Cornwall are probably more amply provided with these facilities and also restaurants, etc., than they would be in the absence of a holiday industry, despite the fact that many of these enterprises close in winter.

WATER SPORT

216 One form of recreation which has considerable economic consequences is the use of boats, requiring as it does the provision and maintenance both of the boats themselves and of the requisite shore facilities. Boats may either be hired with or without a crew, or may be brought, if they are light enough by towimg. The extent of the commercial hiring of boats can be seen from Table 73 which shows that it is highly concentrated in a small number of areas. The reason for this concentration is partly that the areas of the coast which are suitable for the use of small boats are limited and partly because the shore facilities exist only in certain areas. The hiring of boats is sometimes complemented by winter fishing but most of those which ply for hire are not suitable for winter work and are, in fact, purpose designed. The number of people directly employed is probably fairly

small but boats require considerable maintenance and commercial ones, while often maintained by their owners or operators in person, must offer much custom to the boat repair industry in the area. It has not been possible to discover how far private boats in the area belong to people outside it. Almost certainly the majority on estuarial or in-shore waters around the Devon and Cornish coasts are locally owned and, therefore, not really part of the holiday industry. On the other hand, some are owned by people elsewhere who keep them in Devon and Cornwall or bring them down when coming on holiday, and this forms a small specialised but flourishing part of the industry offering employment not only for those who directly maintain these craft and house them during the winter, but also for boat builders.

Table 73 BOATING FACILITIES BY LOCAL AUTHORITY AREAS

		Number of Pleasure Craft licensed for			
		more than 12 occupants (Board of Trade)	less than 12 occupants (local authorities)	Sailing Clubs	Sailing Schools [g]
Barnstaple	R.D.	1 [a]	14	1	1
Brixham	U.D.	1	N.K.	N.K.	N.K.
Dartmouth	M.B.	55 [b]	14	1	-
Dawlish	U.D.	2	12	1	-
Exmouth/Exeter		7 [c]	16	5	1
Falmouth	M.B.	32	65	2	2
Ilfracombe	U.D.	1	23	1	-
Isles of Scilly			36	1	-
Kerrier	R.D.		-	1	-
Kingsbridge	R.D.		-	1	-
Liskeard	R.D.		38	-	-
Looe	U.D.	1	N.K.	N.K.	N.K.
Lynton/Lynmouth		2 [d]	2	-	-
Newquay	U.D.		42	1	-
Newton Abbot	R.D.		-	1	-
Northam	U.D.		-	1	-
Padstow	U.D.	4	-	1	1
Penzance	M.B.	3	7	1	-
Plymouth	C.B.	16	45	10	2
St. Austell	U.D.	6 [e]	50	2	1
St. Germans	R.D.		-	2	-
St. Ives	M.B.	4	36	1	-
St. Thomas	R.D.		2	2	1
Salcombe	U.D.	3	235	2	2
Saltash	M.B.		-	1	-
Seaton	U.D.	2 [f]	N.K.	N.K.	N.K.
Sidmouth	U.D.	1	2	1	-
Tavistock	R.D.		-	1	-
Teignmouth	U.D.	3	35	2	-
Torpoint			-	1	-
Torquay	M.B.		10	2	1
Totnes	M.B.		-	1	-
Truro	M.B.		30	3	-
Truro	R.D.		45	5	-
Wadebridge	R.D.		2	2	1

(a) Boats licensed for Barnstaple

(b) R.Dart & Dittisham: of 54 on R. Dart 45 also operate from one or more of following places; Brixham, Paignton, Sandquay, Sidmouth, Teignmouth, Torquay.

(c) Boats operate from both places
(d) Boats licensed for Lynmouth
(e) Boats licensed for Fowey and Polruan
(f) Includes boats licensed for Beer
(g) Clubs also often provide tuition.

CHAPTER EIGHT

LOCAL AND OTHER PUBLIC AUTHORITIES

217 This chapter is concerned predominantly with local authorities, that is to say, county councils and district councils, but chiefly the latter since they are the main bodies affected by the holiday industry. However, water boards, harbour authorities, etc., may also be influenced and these too are mentioned briefly.

LOCAL AUTHORITIES

218 Local authorities may be affected by the holiday industry in five ways:-

a) They may draw a large or small proportion of their rate income from holiday industry hereditaments.

b) They may be involved in the provision of other facilities, requiring current or capital outlay, for the use of holiday-makers. Notable amongst these is car parking which was discussed in our earlier survey[1], but sewerage, water supplies, etc., may also be important.

c) If they are on the coast they may have beaches which need money for up-keep, but may also offer opportunities for making money through the provision of beach facilities.

d) They may own and/or run amusement enterprises away from the beach, but as part of the "magnet" to bring people to a resort.

e) They may provide promotion and/or information services.

f) They may operate harbour facilities.

219 Any facility for the use of holiday-makers will, of course, also be available for residents, so there are many border-line problems in discussing local authority involvement in the holiday industry.

---

1 Transport of Holiday-makers in Devon and Cornwall - F.M.M. Lewes, A.J. Culyer and G.A. Brady, University of Exeter, 1966

220 In order to gain information on these matters, a questionnaire was sent to all local authorities requesting a considerable range of information. We are very aware that this was not the only questionnaire circulating in town halls at the time and we are most grateful to all those, often in many departments, who contributed towards the answers.

RATES

Rate income from holiday establishments

221 Information was sought on the rateable value within local authority areas arising from certain classes of hereditament which, it was thought, might be associated with the holiday industry. These figures are provided to all local authorities by the Inland Revenue Valuation Officers for a large number of different classes of property. The basis of classification is standard for all areas, the actual classification of any property being made by the District Valuer, and the information given is the number of hereditaments in the class and their total rateable value. There is, however, no indication, for example, of the size of properties so classified and for comparisons of this sort it has been necessary to use information from other sources, for instance the census count of hotel rooms, in which establishments may have been classified in different ways. The discrepancies are quite considerable. In general, the valuation officers (in 1967) found more hotels than the census (in 1961) in holiday areas and fewer in non-holiday areas. Torquay, for example, had 410 census hotels and 709 rated; Exeter had 123 census hotels and 54 rated. The reason behind this is probably the method of valuation for rating purposes. All properties have to be valued "rebus sic stantibus" - as they physically stand - and are assumed to be vacant and to let at the date the assessment is made. It follows that when hotels and boarding houses, including ordinary dwelling-houses that are physically suitable for taking in guests, are assessed, regard must be had to all factors affecting the rental value including any actual rents paid. As a result, hereditaments suitable for boarding houses may become classified as such in the valuation lists, despite the fact that they are being used as private houses at the time. However, this situation is only likely to occur in the case of very small establishments. It is also possible that the same establishment was counted as one hereditament but two census hotels, and vice versa.

222 Nevertheless, in spite of these difficulties, the information obtainable from this source does illustrate the effect of the holiday industry on the rate structure. The two classifications of most interest were:-

B 8 Hotels and boarding houses, and

B 10 Holiday camps and caravan fields.

The latter also includes some residential caravan sites, although these are not generally important in holiday areas.

223 Within holiday areas dependence of rateable values on hotels and boarding houses tapers rapidly from an extremely heavy reliance, over 15% in Ilfracombe, U.D. Newquay, U.D. Lynton, U.D. and the Isles of Scilly to comparatively low levels, of 3% or under, in Brixham, U.D. Exmouth U.D. and Camelford, R.D. Urban areas average 9.4% of rateable value in this class and rural areas, where hotels are less important, only 4.6%. Outside holiday areas, the proportion of rates attributable to hotels tends to be very small, averaging less than 1% in urban "Y" and "Z" areas.

224 To these hotel rateable values can be added those for "holiday camps and caravan fields". They only contribute significantly in a small number of places: Brixham, U.D. 10.3%, Dawlish, U.D. 8.2%, Northam, U.D. 7.2%. Outside these areas of high concentration, very few places depend on such establishments for more than 1% of their rates (Table 74).

Table 74 PERCENTAGE OF RATEABLE VALUE ARISING FROM HOLIDAY ACCOMMODATION HEREDITAMENTS

		B 8 Hotels and Boarding Houses	B 10 Holiday Camps and Caravan Fields	Total
		%	%	%
"X" Holiday areas:				
	Urban	9.4	1.5	10.9
	Rural	4.6	2.4	7.0
"Y" Semi-holiday areas:				
	Urban	0.9	0.6	1.5
	Rural	1.5	1.2	2.7
"Z" Non-holiday areas:				
	Urban	0.4	0.2	0.6
	Rural	0.3	0.1	0.4

(Source: Local Authority Questionnaire).

225 It might be thought that the presence of large numbers of holiday-makers would encourage the existence of other forms of enterprise, for example garages, and information on another eight categories was asked for:-

B 7 Public houses

B 9 Restaurants

B 12 Garages (commercial), petrol filling stations and car parks

E 24 Cinemas

E 25 Theatres and music halls

E 26 Sports and recreation grounds, golf courses, race courses

E 27 Social clubs, community centres and public halls

E 29 Other places of entertainment.

226 As can be seen from Table 75, none of these categories is a very large contributor to rateable values. Their importance varies not only between the different types of area, but also between urban and rural areas, so the latter distinction is made here. A complicating factor is the presence of Plymouth and Exeter amongst the Z urban areas where they supply over 80% of the total rateable value for the class. These two towns are clearly likely to have different rate structures because of their comparative size, quite apart from their 'holiday' position. In urban areas, restaurants, cinemas, theatres and other entertainments seem to be fairly strongly connected with the holiday industry. In rural areas the important facilities seem to be public houses, restaurants and other entertainments. Sports fields, social clubs, etc., appear to be unaffected. Also, interestingly, considering the high proportion of visitors coming by car, garages are not more important in holiday areas than elsewhere. This accords with earlier findings on labour in Chapter 4 and seems to suggest that it may be roads and local populations which are the main locating factors in this case.

Table 75 PERCENTAGE OF RATEABLE VALUES ARISING FROM VARIOUS CLASSES OF HEREDITAMENT

Class		"X" Holiday Areas		"Y" Semi-holiday Areas		"Z" Non-holiday Areas	
		Urban	Rural	Urban	Rural	Urban	Rural
B. 7	Public houses	1.08	1.69	1.29	1.41	0.94	1.40
B. 9	Restaurants	0.24	0.08	0.10	0.05	0.11	0.01
B.12	Garages	1.89	1.30	2.43	1.74	1.74	2.50
E.24	Cinemas	0.23	0.03	0.14	0.01	0.23	0.03
E.25	Theatres	0.16	-	0.06	-	0.02	-
E.26	Sports fields, etc.	0.17	0.13	0.12	0.14	0.14	0.08
E.27	Social clubs, etc.	0.32	0.25	0.27	0.24	0.39	0.38
E.28	Other entertainments	0.57	0.09	0.16	0.01	0.22	0.03

(Source: Local Authority Questionnaire).

Rateable values of holiday accommodation

227 A figure was available of the total number of hotel rooms from the 1961 Census and the number of units, for which camp sites were licensed, for each local authority in 1966. It is not thought that the former had altered much between 1961 and 1967, the reference year for the rateable values. Although these latter and the room and camp-site unit counts are on rather different bases of classification, together they give some indication of the rateable value accruing from a hotel room or camp site unit.

228 Average rateable value per hotel room - the Census includes public as well as bedrooms - usually varies between £10 and £30, but the latter figure only occurs in main resorts where large hotels exist. In rural areas and in urban areas outside the main resorts, figures of about £10 a room are fairly general.

229 Rateable values per camp site unit also fluctuate widely, but again it is possible to be fairly specific. In areas where most of the units are up-to-date, well-equipped chalets, the average rateable value would appear to be something over £20. Where the predominant type is the static caravan, the value is about £10 per unit. In areas where camp sites are essentially for towed caravans or tents, the rateable value per unit is of the order of £3, but with very considerable variations. Under the 28-day rule, of course, tents and caravans may use unlicensed fields and these will presumably carry no rates, being classified as agricultural land.

230 Since a camp site unit can accommodate more than twice the number of persons that a hotel room can, it would seem that only the chalet sites give an increment to the rateable value per person accommodated comparable to a hotel, although for the average, smaller hotel, the value to the rates per person may well be less than for a modern chalet site. Large hotels, however, contribute markedly more per bed. Since they tend to have higher occupancy rates than smaller ones, the difference in rateable value per person actually accommodated will be less than on a per bed basis.

Rates levied and local authority total expenditure

231 While rates form a large proportion of the income of local authorities, the amount which they find it necessary to collect from their residents will differ from the amount they spend for a number of reasons. The major one is usually the size of the support grant from the Central Government, but drawing on reserves, commercial enterprises run by councils, etc., may make a considerable contribution. Thus, it is possible to consider:-

a) the gross rates, that is the amount of expenditure for the year; and

b) the net rates, that is the amount which local authorities need to raise after taking into account their income from other sources.

Each of these may be expressed in a number of ways, and for comparative purposes here we have used:-

c) the amount per £1 of gross rateable value, usually called the rate poundage; and

d) the amount per head of population.

232 The average figures expressed in both ways, together with average rateable value per head, according to the type of area are given in Table 76. All district councils in Devon and Cornwall[1] were included except the county boroughs with their different rating structures[1]. Figures are for 1967/8 and so include the three authorities which became Torbay County Borough on the 1st April, 1968. Rates levied and spent are for local, that is district council purposes, both because most resort expenditure is likely to fall on district councils and because the county rate takes no account of differences in expenditure in different parts of the county. Devon gross figures have been adjusted to eliminate housing subsidies in order to bring them into line with Cornwall figures. Other small differences of method remain but it is unlikely that these significantly affect the picture.

Table 76 LOCAL AUTHORITY (DISTRICT COUNCIL) RATING FIGURES 1967/68 FOR LOCAL PURPOSES (i.e. DISTRICT COUNCIL PURPOSES ONLY)

		Per £ gross rateable value		Per head resident population	
	Rateable value per head (resident population)	Net amount raised	Gross amount spent	Net rates levied	Gross rates spent
	£	(pence)	(pence)	(shillings)	(shillings)
	(1)	(2)	(3)	(4)	(5)
Urban District Councils:					
Holiday (X) areas	45.7	46.7	59.6	174.7	208.9
Semi-holiday (Y) areas	36.2	40.5	65.0	121.8	189.1
Non-holiday (Z) areas	34.3	44.0	66.7	126.1	188.9
Rural District Councils:					
Holiday (X) areas	28.6	27.3	56.4	65.2	133.2
Semi-holiday (Y) areas	26.5	22.1	51.5	48.5	114.4
Non-holiday (Z) areas	23.7	15.6	56.8	34.9	108.2

(Based on summaries from Devon and Cornwall Financial Officers' Societies)

1 The figures are based on:- Cornwall, Financial Statistics 1967 - Cornwall Financial Officers' Society, and Financial Statistics of Constituent Authorities - 19th Annual Statement 1967 - Devon Society of Local Authority Financial Officers.

233 Both rate poundage and rates levied per head are important in different contexts. For instance, a house of a given rateable value will pay more in an area with a high rate poundage, while if other things were equal, an authority with a high gross rate per head would be spending, or finding it necessary to spend, more per capita on what are, in general, community services either because certain things cost more in that area, or because more lavish services are provided. The fact that urban areas have higher gross rates than rural ones is probably partly due to the latter and partly due to differing statutory responsibilities. Urban authorities, for example, provide lighting and some highway services. In rural areas, lighting is a parish responsibility. No information from parish councils has been sought in the present study.

234 First, from column 1 it seems clear that holiday areas have, on average, higher rateable values per head than other areas both for urban and for rural district councils taken separately. These averages, however, arise from wide ranges of figures; for instance, the average for X urban areas of £45.7 includes the two highest values for the whole area, Newquay £63.2 and Budleigh Salterton £62.6, but also low values such as Dartmouth £30.7. The rural figures are less dispersed but this may arise because there are only a small number of X rural areas. The Z urban areas, however, are similarly dispersed, ranging from Truro £49.3 to Penryn £26.7.

235 Next, Column 2 of Table 76 shows that holiday areas also tend to have higher net rate poundages, that is, to declare a higher rate to the pound, than either semi-holiday or non-holiday areas, although in the case of urban holiday areas there are not much above those in non-holiday areas, with semi-holiday areas on average well below. However, if one takes account of spending or gross rate poundage the position is largely reversed, that is the contributions to income from outside the rates are sufficient to allow non-holiday areas to spend higher rate poundages than holiday areas, while actually taxing their residents at lower rates.

236 Authorities which both raise a high rate per £1 gross rateable value and have high rateable values per head will, of course, levy large amounts per head and, since high rate calls, in practice, seem to accompany high rateable values per head, the differences in amounts raised per head will be greater than differences in declared rate poundages. The position would seem (columns 4 and 5) to be that urban authorities in holiday areas differ from the other urban areas in raising a larger amount per resident from the rates. In rural areas, rates levied per head differ in a similar way, although gross rates spent do not. Once again these averages hide a wide dispersion and it is of interest that those towns which are predominantly resort towns find it necessary both to raise and to spend a large amount per head of resident population (Table 77).

Table 77 GROSS AND NET RATES PER HEAD FOR DISTRICT COUNCIL PURPOSES IN SELECTED RESORT TOWNS

	Gross rates spent per head (shillings)	Net rates raised per head (shillings)
Newquay	334	332
Torquay	306	264
Paignton	268	238
Ilfracombe	254	181
Bude-Stratton	270	212
Mean of twenty holiday Urban Districts	209	177

(Based on summaries from Devon and Cornwall Financial Officers'Societies).

Expenditure on certain services

237 It seems clear that resort towns find it necessary to spend a large amount per head. It is less clear why they need to do so. The main items on which urban district councils spend money are:-

Sewerage and sewage disposal

Highways and bridges.

Of less expense, but still considerable are:-

Housing

Refuse collection and disposal

Public conveniences

Parks, pleasure grounds, etc.

Public health

Lighting.

However, there always tend to be a large number of minor items, amongst them

publicity, which are individually small, but large in total compared with the items above. The rate poundages estimated for these items in 1967/68 are given in Table 78 for the five urban resorts quoted above in Table 77 and for the five rural areas, together with average values for urban and for rural authorities in the two counties. Urban and rural authorities have very different spending patterns and, while it cannot be said that in every case these resorts spend above average amounts on specific items, there is a strong tendency for the urban resorts to spend more than the average on highways and bridges, parks and recreation grounds, lighting and publicity, although the last is only a minor item. In rural areas, district councils are not normally concerned with any of these functions and there does not seem to be any clear pattern of differences in expenditure. There is probably a tendency for all resorts, urban and rural, to spend more on public conveniences, although this item is not always separately distinguished, it being amalgamated with public health in some accounts.

238 These items do not account for the whole difference between holiday and other areas and it seems likely that in addition to the items above, resorts do have expenditure connected with their holiday function spread over a wide number of other heads. One particular item with a very wide range of expenditure is sewerage. Since sewerage schemes have to be sufficient to cope with maximum populations present, it might be thought that resort authorities would, in general, have high expenditures on this item, but, in practice, other factors seem to be of some importance. Traditionally, coastal authorities have had a cheap means of disposing of sewerage by pouring it, untreated, into the sea. This is no longer considered acceptable except where tidal conditions permit it without the possibility of fouling beaches, and even in these cases it is now normally necessary for pipes to be continued a considerable distance out to sea. Because higher standards of beach cleanliness have come to be expected, coastal authorities have recently been spending a great deal on new sewerage schemes, but they are not the only authorities who have had to make such expenditures, and it would appear that the holiday industry is seldom the predominating factor in creating the need. Areas where industry has grown have also often been faced with problems of disposal of industrial effluent. Expenditure by district councils varies in any case to such an extent that it is not possible to be very precise in this field, beyond confirming the facts that because of their expenditure patterns, resort authorities, particularly urban ones, find it necessary to spend and raise more per head of population than do other types of area.

Table 78 DISTRICT RATES SPENT (GROSS) PER £1 OF GROSS RATEABLE VALUE ON CERTAIN FUNCTIONS 1967 - 8

	Newquay	Torquay	Paignton	Ilfra-combe	Bude-Stratton	Mean 49 Urban Author-ities	Mean 26 Rural Author-ities	Rural Districts: Truro	Wade-bridge	Kings-bridge	Barn-staple	Camel-ford
Sewerage and sewage disposal	19.4	5.4	9.9	2.6	5.9	8.5	18.9	15.0	18.8	32.2	15.0	18.0
Housing	0.8	2.2	0.1	2.0	-	1.0	1.4	1.5	3.4	3.8	1.0	2.1
Highways and bridges	15.7	19.4	14.4	9.8	12.9	10.0	0.1	0.1	-	-	-	-
Refuse collection and disposal	11.2	5.4	5.6	9.2	6.5	7.2	6.9	8.4	11.8	11.0	6.8	4.4
Public conveniences	4.0	2.7	2.4	5.4		2.2*	0.5*			2.1	1.2	8.2
Parks and pleasure grounds	8.1	8.1	9.2	11.8	1.5	4.5	0.2	0.2	1.1	-	-	-
Public health	1.8	2.8	0.3	1.8	9.7+	2.3*	5.5*	7.0+	12.3	1.8	8.0	15.6
Lighting	3.1	2.2	3.8	4.8	2.8	2.6	0.3	1.7	1.7	-	-	-
Publicity	2.0	1.7	1.3	1.9	n.k.	0.6*	-			-	-	-

* Devon Local Authorities only

\+ includes public conveniences

(Based on summaries from Devon and Cornwall Financial Officers' Societies).

Support grants

239 Holiday areas have complained in the past[1] that the method of raising and supporting local authority rates treats them unfairly. The complaints seem to be on two scores:-

a) that rates are paid by resident populations only, but that holiday areas must in a number of cases provide facilities for the far greater numbers present at holiday periods. As we have seen, there appears to be some justice in this contention, since they do seem to need to spend more per head.

b) that the method of rate support denies assistance to resort authorities. Rate support is in three forms and the particular form complained of is known as "the resources element". Under this district councils whose rateable value per head is less than the average, receive support from the central government on the basis that they are poorer than those with rateable values per head above the average. Nearly all resort authorities have rateable values above the average but this is only partly due to the average rates of residential properties. It is also due to the number of hotels paying rates. In many cases also, the larger residential properties are, in effect, marginal units of the hotel industry. Thus the high rateable values per head of resort areas are due, not so much to the realtive wealth of the population, but to the way in which rateable assessments are made. The whole of rating law is highly complex and the rateable value of a hereditament depends, as mentioned above, upon a notional rentable value which rests in part upon a use to which a building might be put as opposed to that to which it is being put at a given time. Thus the rateable value of a small hotel by the seaside will take account of the fact that it would normally expect to close in winter and that its annual rent would be based upon less than a full year's use. Large houses, in positions where they might expect to be used as boarding houses, will be assessed on a rentable value which contains an element relating to this use. Of the other forms of rate support, the "needs element" is relatively unimportant to district councils and the "domestic element" is a support to domestic rate-payers which is the same rate poundage throughout the country. It will, of course, form a larger amount per head where average domestic rateable values per head are higher, that is in areas with larger and better equipped houses.

The resources element is intended to give assistance to poorer areas in order to equalise the position throughout the country and to allow areas with relatively slender resources to spend sufficient money to

---

1 The Report of the Working Party appointed to investigate the Working of the Rate Deficiency Grant in England and Wales - H.M.S.O., 1962.

maintain public facilities. There seems some reason to suggest that high rateable values per head are a rather misleading indicator of relative wealth in this instance, and that resort authorities are at some disadvantage because of the present system of assessing rateable values and determining the resources element of the grant. It also appears that resort authorities do find it necessary to spend more than inland authorities on a wide range of services and that the amounts which they raise on their trading services, together with the needs element of the grant do not compensate for the low amount they receive as resources element. As a result, rates levied per head in these areas are higher, on average, than elsewhere.

CAPITAL REQUIREMENTS

Local Authorities

240 The presence of large numbers of holiday-makers may involve the provision of other sorts of facilities, often in connection with sanitation. Local authorities were asked whether they had incurred capital expenditure for such projects over the last five years and whether they envisaged any in future. The second question was inevitably hypothetical, but the replies suggest that very few authorities had been forced into capital expenditure by the existence of holiday-makers, nor did they expect to need to make such provision in the future unless very large development was foreseen. Expenditure on sewerage, potentially a very expensive item, has not, as we have seen above, proved, in practice, a field where resort authorities have been forced into higher expenditure than inland ones. Some capital expenditure has been made in resorts on halls, theatres and so on, but this is normally considered more in the light of a commercial venture and the hope has been that it should not form a charge on the rates. Coast protection is discussed below, but, in general, the need for this is not increased by rising numbers of visitors.

241 One particular form of expenditure, that on roads and parking, was omitted from the questionnaire, both because roads are mainly a county responsibility and because this aspect was covered in our earlier survey, which is summarised in Chapter 10. Undoubtedly, much expenditure is needed on roads, and more would be with increased numbers of holiday-makers, but, except for car parks behind beaches, it is not specific to the holiday industry and the justification for it must be made on the grounds of its multiple use.

Water undertakings

242 The supply of water is no longer a local authority function, the responsibility having been transferred to Area Water Boards. Water supply involves considerable capital costs and these are increased where an extra demand occurs in summer at a time when local consumption is already at its highest and storage problems most intense. Holiday-makers use less water per head per day than residents for a number of reasons. They have no gardens to water and often are living under conditions, such as in caravans, where water use is restricted. Nevertheless the impact of large numbers of holiday-makers upon water supply is considerable. Diagram 10 shows the extent of variation in supply over the summer months of two holiday areas and two non-holiday areas. The figures on which this was based were kindly supplied by the East and South West Devon Water Boards. The holiday areas, Torbay, and Dawlish and Teignmouth have increases in water consumption in summer of 40 - 50% above winter levels, whereas in non-holiday areas the summer rise is of the order of 10%. On the basis of these figures, holiday-makers use some 20 gallons per head per day which should be compared with about 45 gallons a day per head, summer use of residents in the same areas. These estimations are inevitably rough, and the latter may include some industrial use, but they are likely to be of the right order.

243 The areas for which figures were available were urban resort areas, where a high proportion of visitors stay in hotels and are, therefore, likely to be using more water than say campers or visitors in static caravans. Nevertheless, it seems clear that additional numbers of holiday-makers could lead to significant increases in water consumption in areas of concentration and hence involve considerable capital expenditure by water boards.

BEACHES

244 The foreshore below the high-water mark is normally owned by the Crown. Above this most local authorities on the coast own part or all of the beaches in their areas and the rest is in private hands, a note on which appears below. The relative amounts owned can be seen in Table 79.

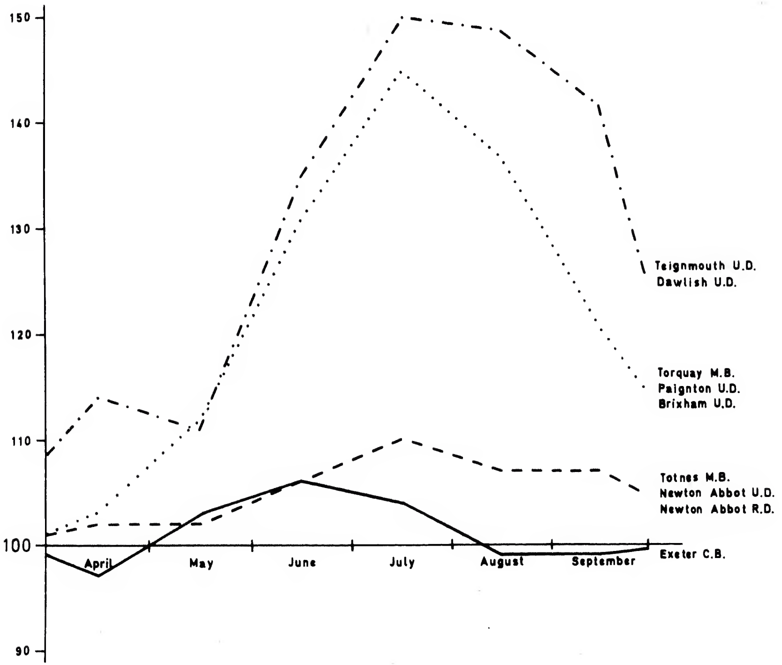
Income and expenditure

245 Local authorities owning beaches incur certain direct costs in their maintenance. There are also a number of indirect costs, or costs which may not be separately identified and so do not enter the beach account. For instance, the county councils may be responsible for roads and sometimes footpaths to beaches as part of their duty as a highway authority, while a district council may provide public conveniences on a beach which are not accounted for separately from those elsewhere. This is also the case with car-parking facilities. Moreover, the treatment of beach expenditure varies from authority to authority, particularly where local authorities operate facilities such as beach cafes. Often it

Diagram 10

VARIATIONS IN SUMMER WATER USE

(Mean of winter months = 100)



Average consumption 1966 -1966

Sources: S.W. Devon Water Board
E. Devon Water Board

G.B.

Table 79 OWNERSHIP OF BEACHES AND LIFE SAVING FACILITIES

	Local Authority owned beach (miles)	Private Beach (miles)	Life Saving Facilities By L.A.	Other
Budleigh Salterton U.D.	1.6		No	No
Camborne-Redruth U.D.	-	0.5	No	Yes - Club
Dawlish U.D.	4.5	-	Yes	Yes - Club
Exmouth U.D.	3.0	-	Yes	Yes - RNLI
Falmouth M.B.	1.0	-	No	No
Helston M.B.	-	2.0	No	No
Ilfracombe U.D.	1.15	0.2	No	No
Lynton U.D.	1.5	0.25	No	No
Newquay U.D.	2.25	1.25	Yes	Yes - on private beaches
Northam U.D.	4.0	-	No	No
Penzance M.B.	0.85	3.85	No	No
Plymouth C.B.	-	0.5	No	Yes - Club
St. Austell U.D.	1.0	2.5	No	No
St. Ives M.B.	0.82	0.47	Yes	Yes - Surf Club
St. Just U.D.	-	2.5	No	No
Salcombe U.D.	0.27	0.45	No	Yes - RNLI
Sidmouth U.D.	0.75	-	No	No
Teignmouth U.D.	1.75	-	Yes	Yes - Club
Torquay M.B.	12.5	-	Yes	No
Barnstaple R.D.	-	21.0	No, but contribution made	Yes - Club
Bideford R.D.	-	10.0	No	No
Camelford R.D.	-	3.5	Yes	Yes - Club
Honiton R.D.	-	3.0	No	No
Isles of Scilly	-	All owned by Duchy of Cornwall	No, but equipment provided	Yes - RNLI
Kerrier R.D.	1.0	9.0	Yes	Yes - Clubs
Kingsbridge R.D.	25.0	3.0	Yes	Yes - Club
Liskeard R.D.	0.5	3.0	No	No
St. Germans R.D.	1.0	8.0	No, but equipment provided	Yes - Clubs
Stratton R.D.	-	3.0	Yes	No
Totnes R.D.	-	0.5	No	No
Truro R.D.	2.0	23.0	Yes	Yes - Clubs and Parish Councils
Wadebridge R.D.	3.0	2.0	Yes	Yes

(Based on Local Authority Questionnaire)

is not possible to distinguish the income and expenditure of the cafe from that of the beach itself, or, again, the loan charges or both may be combined. The position is more complex than one of trying to provide a standard account for each beach authority since the expenditure and income as provided by the local authorities' budgets reflect the committee structure, as the committees are the budgeting organisations. The figures below in Table 80 are given in some trepidation because in order to try to obtain reasonably consistent accounts the questionnaire asked only for certain expenditures and incomes. Many authorities found these figures difficult to isolate, and in any case beach operating costs often covered a much wider range of facilities than those for which information was sought. The figures are put forward here, however, to show, first, the wide range of possible profit or loss from a beach and, second, to illustrate what we feel to be the position; namely, that urban authorities are often able to make profitable use of a beach as a commercial venture, while rural authorities are not In the case of one facility, however, this position is reversed. As will be shown in Chapter 10, rural beach car parks tend to be more profitable than urban beach car parks, mainly on account of the high loan charges associated with the high price of land which must be purchased for the latter. However, rural beach car parks are, in the majority of cases, privately owned.

Beach enterprises

246 It is not the practice for local authorities to charge directly for the use of their beaches, but it is possible to charge for certain facilities offered on the beach, for instance beach huts. Such facilities may either be provided b the authority itself or may be leased or licensed to private individuals for operating. Which policy to adopt differs widely and it is difficult to draw any general conclusions. Leasing arrangements seem more common in Devon than Cornwal and the income of many resorts from this is considerable, Dawlish, Exmouth and Torquay all earning over £5,000 a year in this way. It is not possible to say whether this income would be altered if the local authority were to run these concessions for themselves, nor whether the greater control from direct provision might not be worth having despite a fall in income.

247 Facilities such as beach huts and beach cafes, which require considerabl capital investment, seem to be profitable everywhere in urban areas. They are not normally provided in rural ones. Other facilities, such as piers or the provision of deck-chairs, are not profitable everywhere, indeed the former sometimes give rise to considerable losses.

Life-saving facilities

248 A relatively recent expense which has often fallen on local authorities is that of beach safety (Table 79). Some North Cornwall beaches, in particular have a reputation for being dangerous for swimming, but all beaches are liable to dangerous periods and sometimes changes in beach formations seem to make formerly safe beaches dangerous. Moreover, any beach is probably potentially dangerous to the inexperienced or foolish. In patrolling beaches local authorities have often

Table 80 BEACH OPERATING ACCOUNTS

	Costs		Income		Balance
	Cleansing, Maintenance, Repairs, etc.	Public Conven-iences *	Own operated facilities	Licences and Leases	C + D - A - B
	(A)	(B)	(C)	(D)	(E)
	£	£	£	£	£
Urban Authorities					
Dawlish U.D.C.	2,642	700	2,169	6,912	5,739
Exmouth U.D.C.	5,900	n/a	3,660	8,281	6,041
Falmouth M.B.	578	n/a	3,236	11	2,729
Fowey and St. Austell U.D.C.	2,269	n/a	330	857	1,082 loss
Ilfracombe U.D.C.	1,612	n/a	(loss) 1	225	1,388 loss
Lynton U.D.C.	130	333	293	-	170 loss
Newquay U.D.C.	2,050	n/a	25,890	-	23,840
Penzance M.B.	2,301	n/a	-	286	2,015 loss
Salcombe U.D.C.	124	1,223	-	3	1,344 loss
Sidmouth U.D.C.	2,626	4,857	4,090	-	3,383 loss
Teignmouth U.D.C.	2,812	4,500	6,089	3,100	1,877
Torquay M.B.	8,605	n/a	54,731	5,680	51,806
Rural Authorities					
Truro R.D.C.	550	4,500	-	300	4,750 loss
Kingsbridge R.D.C.	100	2,172	-	-	2,272 loss
Kerrier R.D.C.	568	2,137	-	-	2,705 loss
St. Germans R.D.C.	-	1,324	-	-	1,324 loss
Isles of Scilly	700	n/a	-	20	680 loss

* Where separately accounted (n/a = not available)

Note: These figures are based on replies to our questionnaire. They exclude loan charges and coastal protection, although these are not often large items. Scrutiny of estimates of a number of areas gives rather different results in many cases, but these are difficult to compare because each authority uses a different basis for accounting.

been assisted by amateur clubs to whom they have sometimes made grants, while Fleet Air Arm or R.A.F. helicopters and the R.N.L.I. offer cover in most areas. The need for provision of patrols depends both upon the inherent safeness of the beach and on the numbers using it. Undoubtedly this is a service which the public are coming to expect, but not one for which they are likely to expect to pay.

Coastal protection and maintenance

249 Local authorities have certain responsibilities for coastal protection, whether their beaches are used by holiday-makers or not. Many resorts have inherited legacies of Victorian promenades which perform this function, but are often expensive to maintain. Sometimes, as at Exmouth, winter storms cover the promenade in sand whose removal is expensive. While there has been little expansion of urban promenades in recent years (extension of boat harbours, etc., has proceeded, see below), there is no doubt that very expensive coastal protection works may be necessary in future, for example at Dawlish Warren. Such major works are necessary only occasionally and do not appear in our accounts in Table 80. They are of a magnitude which could clearly cancel any profit from normal beach operations for a number of years.

Oil pollution

250 One form of expenditure which has risen to prominence in recent years is that of removing oil pollution. The position here is complicated by the fact that where very heavy charges for removal of pollution were incurred, as for instance, after the Torrey Canyon disaster, some assistance was successfully sought from the Government. Oil pollution, however, is endemic, and many councils have frequently found it necessary to expend money on this. This is a problem whose solution clearly comes beyond our terms of reference, but it is mentioned here because it can be a major factor in expenditure on beaches, especially in rural areas with long coastlines.

Access to beaches

251 The difficulty in considering a beach by itself as an economic entity is first that traditionally it has been a place to which access is free, and second that it is the central magnet on whose attractiveness the whole economy of a resort depends. It has been argued that the tradition of free access is not immutable and that the fact that beaches cost money to maintain suggests that people should expect to pay for entry at least to the most popular[1].

---

1 "The Pricing of Seaside Facilities" - W.D. Peppiatt in Essays in the Theory and Practice of Pricing, Institute of Economic Affairs, 1967.

252 The idea of payment for entry has its attractions, not least for local authorities who are facing high costs for cleansing, public lavatories or coast defence works. On the other hand, these authorities would probably not consider it right to charge for entry to a park, although again charges are made for certain facilities there, such as putting greens. The two situations have, indeed, much in common, but there is also one main difference. Park users are normally local ratepayers and, therefore, in an indirect way do pay for what they enjoy. In Devon and Cornwall a very high proportion of beach users come from elsewhere and, thus, make no such contribution. But since the beach is the magnet which has drawn the holiday-makers and since rate income has arisen from holiday establishments, one could argue that some provision for beach maintenance from the rates is not inequitable, especially where staying visitors are concerned. Day visitors, however, bring little to the area[1].

253 Beaches are, in effect, more akin to the National Parks than the local parks, a position which seems to be accepted by the National Parks Commission's[2] recent series of conferences on the coast. Local authorities who find their beaches profitable, in the main the urban resorts, probably would not welcome handing them over to a "National Beaches Commission". Rural authorities, on the other hand, might be glad to pass this burden on to someone else since, amongst other things, their rates, as we have shown, receive less from holiday establishments. Our feeling is that the principle of free access, whether to National Parks or to beaches, is important and valuable socially and that there are likely to be severe practical problems in charging for access where land behind beaches is in other ownership. However, when the maintenance and preservation of the latter, like the former, becomes a burden on a small authority whose ratepayers form only a small proportion of the users, then there is a case for placing the costs on broader shoulders.

Private beaches

254 The extent of private beaches in Devon and Cornwall was shown in Table 79. Not all these owners operate their beaches for profit, in fact sometimes the armed forces are owners. In almost all cases access has been unrestricted and free, the owners presumably recouping any costs by charging for parking or other facilities. In general, these charges are much the same as those exacted by local authorities. Only one or two isolated small beaches, run in conjunction with hotels or camp sites, restrict entry and even in these cases it is often only possible to control it from inland, access along the foreshore, at any rate at low water, often being unrestricted.

---

1 Peppiatt, op. cit., p. 153

2 Now the Countryside Commission.

255 It is possible that beach owners have found this mode of operation remunerative, or that they have been deterred by other factors from excluding the public from their property. This position contrasts greatly with a number of other countries, both with the U.S.A. and the Mediterranean, where free public access to beaches is quite rare, and with Australia where almost all the coast is in public ownership. We feel that for this very valuable national amenity one should move towards the latter rather than the former, even if this involves some new way of recovering costs.

FACILITIES AWAY FROM BEACHES

256 In addition, local authorities in holiday areas often run other amusement facilities, such as swimming baths, theatres, dance halls etc., away from their beaches. These almost all lose money, a situation which also applies in non-holiday areas. Non-holiday areas are, however, less likely to run such enterprises, particularly indoor ones (see Tables 81 and 82). The extent of such losses varies widely, from a few hundred pounds to many thousands. Only minor enterprises, like aquaria and model railways, seem to make a profit. Local

Table 81 DISTRIBUTION OF LOCAL AUTHORITY SWIMMING POOLS IN DEVON AND CORNWALL (URBAN AUTHORITIES ONLY)

No. of authorities with:	X areas	Y areas	Z areas
Pool	5	3	5
No pool	9	8	8

(Source: Local Authority Questionnaire)

Table 82 DISTRIBUTION OF LOCAL AUTHORITIES WITH AT LEAST ONE OF THE FOLLOWING:- CONCERT HALL, THEATRE, DANCE HALL (URBAN AUTHORITIES)

	X areas	Y areas	Z areas
With at least one of the above	11	5	5
With none	3	6	8

(Source: Local Authority Questionnaire)

authorities are, of course, empowered to contribute to such activities from the rates and may do so as a matter of policy, either for the benefit of their residents or to improve the "magnet" for holiday-makers. Where a high proportion of the rateable value of an area arises from holiday accommodation, this could be claimed to be reasonable and economic. Such enterprises are almost entirely limited to urban authorities. In rural areas, parish councils may run halls. Information on these was not obtained, but they are, in any case, normally run primarily for the benefit of residents, not as an attraction for holiday-makers, although in holiday areas they often run events in summer which attract non-residents.

257 Only five authorities reported running municipal camping sites. All these appeared to be making a small profit, except in one case where there were special circumstances and it was hoped that the site would shortly become profitable.

PUBLICITY AND INFORMATION

258 We have not attempted to cover all the publicity and information services available in Devon and Cornwall and, in particular, we have made no attempt to survey the part played by commercial travel agencies. This latter is a field which would be well worthy of study, but the difficulty lies in the fact that those coming on holiday to Devon and Cornwall will normally use sources of information near their homes, or book through local travel agents. Package tours, particularly bus tours, are a significant part of the holiday pattern, between 250,000 and 300,000 visitors coming to the area in this way each year[1]. Such tours may be booked through travel agencies, but are normally organised by coach operators. Tours using other forms of transport seem uncommon. Apart from this, we have been able to obtain little information on commercial information and agency services.

259 Local services run through various official and semi-official bodies, however, abound and almost all areas in Devon and Cornwall are covered by one or more guide books. These may be issued either by the local authority or by some body, such as the chamber of commerce, which may then receive a subvention for this from the local authority. The issue of the guide book is often made through the information bureau which, again, may or may not be operated by the local authority. Information bureaux are largely limited to holiday areas and the main inland towns (Table 83). In other places the Town Hall often acts as an information centre, but this is not specifically for the assistance of holiday-makers.

---

1 <u>Transport of Holiday-makers in Devon and Cornwall</u> - F.M.M. Lewes, A.J.Culyer and G.A. Brady, University of Exeter, 1966, p.III - 3.

Table 83 EXISTENCE OF INFORMATION BUREAUX IN LOCAL AUTHORITIES REPLYING

	Information Bureau run by Local Authority	Information Bureau run by other organisation	No Information Bureau
Urban areas:			
Holiday	8	6	-
Semi-holiday	1	2	9
Non-holiday	5	1	8
Rural areas:			
Holiday	2	3	1
Semi-holiday	1	-	10
Non-holiday	-	-	7

(Source: Local Authority Questionnaire)

260 The number of guide books issued and their purpose also differs widely. Almost all seem to be directed towards visitors, but in many cases conference organisers, people retiring or industrialists are also considered. All guides contain advertisements of accommodation available and often an accommodation list is included or is available as a supplement. As can be seen from Table 84, the typical holiday guide book is issued in large numbers only by the main holiday areas together with Plymouth and Exeter. Y areas issue few guides and seldom support information bureaux.

Table 84 NUMBERS OF GUIDE BOOKS ISSUED (THOUSANDS)

	By post	Through Bureaux, Stationers, etc.	Total
Holiday areas	324	29	353
Semi-holiday areas	11	-	11
non-holiday areas	44*	4*	48
Area Guides	55	-	55
	434	33	467

* of which 32,000 by post and 2,800 others were issued by Exeter and Plymouth.

\- under 500

(For detailed figures see Appendix 6)

(Source: Local Authority Questionnaire).

261 Two area guides are issued, one by the Cornwall Holiday and Tourist Association and one by the South West Travel Association, but apart from these, the guides are mainly confined to single local authority areas, except where two or three authorities combine for this purpose.

262 The total of guide books issued of about half a million, or one for every ninth visitor, represents a very considerable information service. Since the majority of guides are sent by post to those who apply (and usually pay) for them, it seems clear that few will be issued except by authorities who make known their existence, that is advertise them. The normal procedure is to advertise, usually in Sunday papers, soon after Christmas, quite small advertisements being used. Considerable thought is given to these advertisements, but their main purpose is not so much to advertise a locality as to sell a guide book, and the details given are sufficient mainly to encourage the reader to apply for further information.

263 The Area Guides serve a similar function to newspaper advertisements as far as the local areas are concerned. They are certainly intended to attract, but the provision of detailed information, particularly on accommodation, is mainly provided only for those who write for the local guides, whose existence is advertised in the area guide. The degree to which those offering accommodation, particularly hotels, rely upon local guides is very considerable. Only the larger camp sites, who have their own forms of publicity often using television, do not seem to use local guide books for advertisement (Table 85)

Table 85 METHODS OF ADVERTISING ACCOMMODATION

	Hotels		Camps	
	Small	Large	Small	Large
	(179)	(51)	(21)	(14)
	%	%	%	%
None	1	-	-	-
Local Guide	97	96	76	-
National Press	24	33	33	29
Magazines	-	37	38	29
Press in other areas	-	4	5	21
Other	-	47	67	100

Note: Percentages may exceed 100 where more than one method used.

(Source: Accommodation Survey)

264 The organisations which provide guide books or information bureaux, may also perform one or more of the following:-

Booking Services: Newquay, for example, runs a booking service for a small fee both before and during the season. In most places accommodation bureaux assist with booking but do not, necessarily, have a formal service.

Complaints Service: Some places will try to deal with accommodation complaints and, in effect, to arrange for visitors to be moved from accommodation of which, for some reason, they disapprove. There is a problem here for legally they might be held to be interfering in a contract. On the other hand, many hoteliers might well be glad to be rid of guests who are unhappy in their establishments.

Vetting of Accommodation: Most authorities will refuse to put establishments in their accommodation lists after receiving more than a certain number of complaints. A few authorities will only accept advertisements or entry in the accommodation list if establishments meet certain minimum requirements. Recommended minimum requirements have been set up by the British Travel Association and some authorities are now using these. The establishment of minimum standards before acceptance would seem to be valuable but a full vetting of the very large numbers of establishments in major resort areas would require very considerable effort and be quite costly. There is also a problem of who should carry out the vetting.

Grading of Establishments: This takes the classification of accommodation one stage further and actually sets up grading standards. No resorts in Devon and Cornwall attempt this but it should be noted that other places, such as the Channel Islands with a similar pattern of accommodation, have a successful grading scheme and that this is most helpful to overseas travel agents who like to have information of this sort before making bookings.

Promotion of Additional Accommodation: Where information bureaux and publicity committees run the main publicity/information services, they are also often active in attempting to promote the establishment of additional accommodation. In general, few new hotels have been built in the South West but this is common to other areas of the country outside London.

Other promotional activities: Major resorts have also sometimes been active in a wider field of publicity such as running travel conferences and exhibitions; taking travel agents and holiday correspondents round their resorts and so on. This sort of promotion is probably only possible with the larger organisations and it has been one of the main activities of the South West Travel Association. At certain times organisations concerned with publicity and information have also attempted to promote local events such as regattas and festivals. Now that the majority of the larger resorts are running their own services this does not seem to be done very often, although organisations which run such services often receive local authority support.

265 The provision of these services particularly those concerning accommodation have become more important since most visitors have arrived by car, frequently without booking. These visitors are mobile and at the height of the season it has often been necessary to direct them away from areas which are "full", and some unofficial linking of information bureaux services exists both for this purpose and for giving information of events, sights to see, etc., over wider areas. However, the whole system has grown up in rather a piece-meal way and despite the fact that local authorities now frequently play an active part in it, the actual services provided vary widely from place to place. Because of the way in which publicity services are accounted, it is difficult to obtain a total value of expenditure in this field, but such investigations as have been possible suggest that at least £300,000 per year is spent in this field by the various authorities and organisations in Devon and Cornwall concerned with information and publicity.

HARBOURS

266 Shore facilities for the recreational use of boats may take the form either of quays, docks, etc., or of moorings. In addition, larger ports may need navigational aids. The facilities available may be predominantly used for recreational purposes or the recreational use may be subsidiary to commercial use.

267 Ownership and administration of facilities may be by one or more of the following:-

a) private firms

b) statutory commissions

c) local authorities who sometimes act as statutory commissions in this respect

d) sailing and other clubs.

The first are mainly concerned with commercial undertakings, although there is at least one marina-type establishment in the area run privately. The last are numerous and often hold valuable waterside facilities which are used intensively but mainly by local residents during the season. The involvement of local authorities and statutory commissions varies and indeed these are instances where even within one estuary there are two statutory bodies, one operating docks and the other moorings.

268 In this highly complex situation, it is very difficult to obtain sufficient standardisation to assess the economic position of those harbours which are mainly used for recreational purposes and, therefore, to some extent form part of the holiday industry. Table 86, however, gives summaries of accounts of certain harbours run by local authorities or harbour commissions, which appear to be predominantly used for recreation, though again it is not possible to assess

how far this recreational use is local. Two points seem to stand out from the table. The first is that in a number of cases where any operating profit is made, much of the income arises not from the harbour but from ancillary facilities such as car parking; and the second is that the level of loan charges is very low considering the expensive nature of harbour works. This arises because most of the harbours concerned, which were often originally commercial, have harbour works of considerable age. The loan charges on these, if any, may have ceased or such loans which remain may be on rather small nominal sums. Were new harbours to be built, the loan charges, interest and repayment of principal, would involve a great increase in charges for their use, unless heavy subsidies were available.

Table 86 SUMMARY ACCOUNTS OF CERTAIN LOCAL AUTHORITY AND HARBOUR COMMISSION HARBOURS

Harbour	Current running costs	Loan* charges	Total costs	Income	Surplus + or Deficit -	Notes
Newquay U.D. (1966/7)	561	-	561	659	+ 98	
Torquay M.B. (1968/9 est)	9,540	770	10,310	15,675	+5,365	
Paignton U.D. (1968/9 est)	1,290	2,100	3,390	6,945	+3,555	
Brixham U.D. (1968/9 est)	4,960	2,045	7,005	8,025	+1,020	
St. Ives M.B. (1966/7)	2,246	575	2,821	3,170	+ 349	£1,554 of income is from car parking
Penzance M.B. 1966/7)	10,612	742	11,354	9,257	-2,097	Partly commercial
Falmouth M.B. (1966/7)	7,476	2,256	9,732	7,190	-2,542	
Ilfracombe U.D. (1967/8)	10,419	5,912	16,331	15,278	-1,053	£14,328 from car parking, etc.
Lynton U.D.	100	-	-	-	- 100	entirely recreational
Truro R.D. (1967/8)	75	-	75	104	+ 29	
Padstow (Harbour Commissioners) (1967/8)	5,522	-	5,522	4,622	- 900	£1,754 from car parking, etc.
Looe (Harbour Commissioners) (1967/8)	8,662	143	8,805	11,038	+2,233	£9,307 income from parking and rents

* Interest and repayments of principal.

(Source: Based on figures from individual authorities, commissions and from abstracts of authority accounts).

CHAPTER NINE

MAIN ECONOMIC EFFECTS

269 Around four and a half million visitors come to Devon and Cornwall each year, spending about £19 a head or £85 million in all, mainly in four summer months. In addition, probably another quarter to half a million residents of Devon and Cornwall take their holidays locally, spending between £5 - 10 million. Altogether they are major buyers of local goods and services and the impact of both the total expenditure and its timing are important elements in the local economy. In this chapter we discuss first how certain individual industries face the problems this demand creates and second, the overall effect of holiday spending on incomes and employment in Devon and Cornwall.

SEASONAL EFFECTS

Possible results of seasonal demand

270 The most extreme result of seasonal spending would arise where an enterprise serving holiday-makers was active economically during the period for which holiday-makers are present, while for the rest of the year the labour was laid off and the plant lying idle. However, this describes only a few types of activity such as beach retailing. In practice, even in enterprises directly serving holiday-makers, several things offset the most extreme fluctuations, for example:-

a) most producers do not serve holiday-makers alone - they cater also for local residents;

b) some producers diversify products - they use their labour and plant for one purpose in the season, and for others out of it;

c) while not diversifying their products, some producers specialise in different stages of production at different times of the year, thus a product which has been made during October - May might be sold during June - September;

d) some producers, especially those not selling directly to holiday-makers, can maintain continuous production and stockpile during the out-of-season period.

In addition, an industry only indirectly serving holiday-makers, or completely unconnected, may be affected. For example, the holiday industry may make a demand

on its products or it may compete for its inputs, land labour or even transport, the last in the sense that the congestion caused by holiday-makers on the roads may impede the transport of its goods.

271 In order to investigate such interactions, several different types of producers were interviewed to discover the extent to which they were influenced by holiday-makers and the manner in which they dealt with the seasonal pattern. These were in no sense a random or representative selection, the resources of the survey would not have allowed the very considerable work involved, but it is thought that they illustrate the sort of ways in which industries in Devon and Cornwall react to seasonal problems.

Pottery

272 Traditional hand-painted pottery is an example of production which is primarily for visitors to the area. One firm we spoke to sells about 60% of total sales in the West Country, all in the holiday season save for a very small amount at Christmas. This firm also does contract work, producing other types of pottery for firms in other parts of the country. This allows a change of product between winter and summer. The only staff who are specific to one product are the hand-painters, and a certain amount of hand-painting is continued throughout the year in order to keep them occupied. This enables the firm in question to run with a static labour force, except that they bring in a few students in summer to replace staff going on holiday themselves. Sales for the summer season start in February at gift shows (e.g. at Blackpool) and buyers are encouraged to accept delivery as early as possible in order to economise on storage space in the factory. This effectively shifts some storage costs on to retailers and wholesalers.

273 In this case, therefore, a firm producing mainly holiday goods is enabled to maintain full capacity by emphasising different products at different times and by stock-building either on its own premises or on those of its customers.

Dairy products

274 The annual production pattern of a large dairy firm reflects two underlying seasonal factors. The first, the demand by holiday-makers in summer leads to a variation in output of liquid milk for consumption and cream sales, the most significant changes (Table 87) being in the larger bulk containers, churns or gallon jars, as supplied to hotels and in cartons which are used for sales to holiday camps in view of the difficulty of collecting bottles. Cream sales have a similar high peak in summer.

Table 87 MILK AND CREAM UTILISATION (DECEMBER 1966 = 100)

		December	July 1967
Milk:			
	Bottles	100	124
	Churns	100	4,200
	Gallon jars and cartons	100	900
Cream:			
	Clotted	100	236
	Liquid	100	609
Raw milk Production: (Devon)		100	

275 The second seasonal factor is the variation in supply. Nowadays milk supplies are relatively constant throughout the year in Devon and Cornwall so that the variation in supply is less than that in demand and this leads to a surplus in winter. Part of this surplus is exported from the area, which normally has an exportable surplus of milk, and part is turned into cheese, production of which is confined to winter. This latter is a replacement of a perishable product by a less perishable one.

276 This relatively complex production pattern allows a fairly constant level of activity throughout the year and avoids the need for changes in employment.

Cider

277 The large cider concern we contacted had diversified into wine and soft drink production. Diversification here is largely due to a continuing secular decline in the public's taste for draught cider. Such a diversification is probably being forced on other similar firms.

278 Summer consumption of cider is about three and a half times that in winter and this is due mainly to the presence of visitors in the area. The decline in the numbers of regular consumers of cider has, of course, increased this relative swing. In contrast a less seasonal export demand for bottled cider to countries of more constant temperatures such as the West Indies, offers some compensation.

279 Seasonality in cider production also arises from the supply of apples which are ready for use in the autumn, so that all the cider has to be made in October - December. It is fermented immediately and must then mature for at least three months before marketing. It is subsequently sweetened, carbonated (if necessary) and bottled. Cider production tends, therefore, to produce two periods of peak demand for labour; in autumn for the crushing and in summer for the bottling. At various times of the year wine bottling can be substituted for cider bottling so that bottling plant can be used over an extended period, but even so the labour force varies to some extent over the year with extra staff being taken on for the autumn crushing and wine bottling and students being employed in summer. These latter, as is common elsewhere, are chiefly to replace staff going on holiday.

280 In this case it is not possible to remove all fluctuations in the labour force, though they are minimised and a continuous use of plant is achieved by diversification of product and market.

Brewing

281 The technology of brewing is such that production has to be kept going throughout the year. Draught beer has a life of about one month if it is not opened (but only about five days if it is) and unpasteurised bottled beer has a shelf life of about eight weeks. Those small independent breweries which still exist in the West Country nowadays tend to produce their own low gravity brews and to bottle for some of the larger national brands. They also own tied houses.

282 The economic position of small breweries is especially interesting, in addition to the problem of seasonal demand they face. They are small concerns in a field increasingly dominated by large rivals. Often their production methods are out-of-date and they rely very heavily on the tied house system. A similar kind of situation must face many producers in the South West, especially the small, long-established, family type of business.

283 Because brewing technology implies that production must be kept going the whole year round, plant has to be designed to meet the biggest demands upon it and cannot be switched to other lines in the slack periods. Labour is not laid off in the off-season, but a small number of students is taken on in summer in addition to the permanent staff, again mainly to replace those on holiday.

284 Beer demand is, of course, seasonal, even without the presence of holiday-makers. National producers can offset the added "holiday" effect by changing the relative amounts supplied to different areas as the population moves. The local producer is not able to do this, though he is helped, in a way, by the well-known aversion of visitors to sample the local brews. This means that the summer peak demands for his own product are less than they would be, although demand for bottling national brews fluctuates more widely.

285 One of the reasons why employment in such breweries is not more seasonal is that there is a tradition of steady employment even though there may be, at times, little actual work to be done. With the growth of large competitors, small producers can less afford to operate along these fine traditional lines and such firms have started to reduce their permanent labour force and to take on more summer casual labour, but they probably still make less seasonal change in their labour forces than they should do on a strict economic criterion. Their seasonal problem is the reverse of usual: instead of having too few workers in summer, they have too many in winter. If they are to survive, they will have to make technical changes which will lead to even greater fluctuation in their labour needs.

286 The brewing industry is in the midst of a process of fast technological change. The current production method at local breweries is often batch production, but increasing mechanisation will imply either a move to continuous production or else to the more specialised job of making beer from already processed raw materials, instead of seeing it through all stages of production as at present.

Wholesalers

287 The pattern of activity of wholesalers depends greatly upon the products they merchant. In some cases, sales are relatively constant throughout the year. For instance, wholesale chemists have a peak demand for medicines in winter and for sundries, toilet accessories, in summer. For wholesale newsagents, Christmas sales offer a winter peak and holiday-makers a summer one. Other wholesalers undergo different fluctuations, but in most cases where a wide range of products is traded, holiday-makers'demand is likely to be only a fraction of resident demand.

288 One problem besetting most wholesalers is the low level of stocks held by retailers and thus the frequency with which deliveries must be made, particularly where, as is usual in holiday areas, retailers are small and numerous. This entails making up large numbers of parcels each containing small selections from a wide variety of products. Since manufacturers are usually outside the area and make far less frequent deliveries, stock holding by wholesalers must be correspondingly high. Moreover, wholesalers are particularly affected by road congestion.

289 While wholesalers are important as stock-holders and hence often as the organisations which insulate manufacturers from seasonal changes in demand, the seasonal variations in their own demand for labour are small. On the other hand, their storage facilities and thus their capital investments must be sufficient to cope with peak demand, while often being under-used at other times.

Garages

290 The services provided by garages fall conveniently into three main types: forecourt services (tyres, batteries and accessories, and petrol), servicing and

the sale of vehicles. Each of these is subject to seasonal fluctuations due to holiday-making, and, also, of course, because local residents use their cars more in summer.

Forecourt services. These are the least profitable of the three types of service. The trade is highly seasonal, but less than one per cent of petrol stations close in winter. The others carry excess staff since pump attendants are in a trusted position and reliable staff are difficult to find. Temporary staff are not usually taken on in summer because of their having to be entrusted with cash and trading stamps. Consequently, in winter, the permanent staff work shorter hours and less intensively than in summer.

Garages do not have the capacity to stock up in advance of the season. Apart from the costliness of holding duty paid stocks and the expense of large tanks, petrol evaporates and deteriorates quickly. The average delivery rate varies from several times a week to about as rarely as once a month, depending on the size of garage, its throughput, and situation. Thus, in summer, deliveries are larger and more frequent to meet the higher demand.

Service and repairs. The seasonal peak also shows here, and again skilled labour is retained during the winter because of the difficulty of obtaining reliable staff at the peak time when the labour market is tight.

In summer there are large numbers of guarantee claims in the South West on new cars which have just made their first long journey. Major spare parts present problems. They are costly to stock and delivery to order may be slow. Smaller, fast-moving parts, plugs, etc., are stocked as a matter of course. If repairs become necessary, many visitors may have difficulty in finding a garage prepared to undertake them, since they may all be fully occupied with regular customers. In summer, while spares sales rise and there is a faster throughput, the labour force is relatively static.

Car sales. A number of visitors buy cars, mainly used ones, in the South West. There are probably three reasons for this. First, long journeys frequently wreak havoc with old cars which need to be scrapped or to have major repairs. Second, trade-in prices are relatively high in the South West because the average condition of used cars is better owing to the absence of fast roads, etc. Third, on holiday, the family is usually together, which makes family purchases easier. Thus, both new, and, more especially, used car sales are maintained over the holiday months, whereas in areas from which holiday-makers come the used car trade slackens at this time.

In this case, as opposed to that of petrol or major spare parts, it is economic to stock up in anticipation of demand, but, apart from this, there appears to be little adjustment which the garage trade can make to iron out the impact of seasonality on its business.

291 Thus, garages generally have to absorb the demand fluctuation without being able to adjust capacity or employment to correspond to any great extent.

This involves underutilising factors of production in the out of season period and leaving some demand unsatisfied during the holiday season. Under these circumstances, one would expect to see some degree of price change as demand changes, but we have been able to discover no evidence of price adjustment such as one finds universally in the sale of accommodation. It is possible, however, that some visitors pay more than regular customers for repairs.

Fisheries

292 In general, summer catches are higher than those in the winter, both because the weather is better and also because the main pelagic shoals are in the area in the season. Thus the fishing peak normally coincides with the peak arrival of holiday-makers and there is some competition between the alternative uses to which boats can be put - to fish or to entertain visitors with sea trips. In some areas, for example Torbay, fishermen make no pretence at summer fishing and concentrate on the holiday trade. In others, for example Sidmouth, they fish early and late in the day, leaving the rest for meeting holiday demand. The major ports, however, Newlyn and Brixham, are little affected by holiday demand, though three trawlers from Brixham are used to take holiday-makers fishing - sometimes returning, it appears, with larger catches than boats which have trawled all day.

293 The general effect appears to have been that fishermen work harder in the summer, and also that many fishermen would have left the sea had there not been the summer holiday business. Consequently tourism has had the effect of helping to maintain fish production.

Agriculture

294 The major industry in Devon and Cornwall would, a priori, be thought to interact considerably with the holiday industry, both because the holiday industry might demand its products, because it might compete for resources, labour, land and capital, and because the periods of most intense activity for the industries coincide. It is, therefore, worth discussing the main points in detail:-

Marketing: The present agricultural marketing procedures effectively screen farmers from additional local demand. If, for example, milk is drunk in Torquay rather than in London, then the distribution network will alter, but farmers will still send their milk off the farm in the same way and will have no means of reacting directly to the increased local demand. This seems true of nearly all agricultural products. The sales at the farm gate of agricultural produce and the tying of farms' produce to a local market which meets holiday demand, are unlikely to be of much significance, except to a small number of well-sited farms.

Horticultural marketing, on the other hand, is much more local. The possibilities are, however, limited by the timing of the holiday season so that producers can only meet local demands where the crop

becomes available at the right moment. In general, Cornish crops are winter crops, since this is when Cornwall has a climatic advantage. It is, climatically, at a disadvantage for summer crops and very few of these appear to be grown. This is not so much the case in Devon, and some Devon horticulturalists do plan their cropping to a certain extent to meet local holiday-generated demand, particularly with strawberries and tomatoes. Other salad crops may also be of minor importance.

Labour: At one time agriculture had a considerable seasonal demand for labour which coincided roughly with the holiday industry. Today, most farm labour is skilled in the use of machines and seasonal unskilled labour is kept to a minimum. Furthermore, the type of labour which goes into the holiday industry is unlikely to be interested in agriculture. It is, therefore, likely that there is little competition for resources here.

Land: Some forms of accommodation only compete partially, for instance a field with tents in summer can be used for winter grazing. The main areas of high class farmland in the area are the valleys of the Exe, Culm, Creedy, etc. Along the coast where holiday accommodation lies there is comparatively little good land, particularly at the extreme edges. Currently, it seems unlikely that holiday demands are raising the price of good agricultural land, though it is possible that in the future, as more intense holiday development is encouraged especially if it continues to be of the relatively more land-intensive type, (e.g. chalets) the value of land may be affected.

Capital: Normally we tend to think of capital as mobile between uses. In the present context, however, this may well be the most important aspect of competition for resources. The capital needed for a farm to enter the holiday industry varies very considerably. Well-equipped, modernised farm houses often date from the time when much labour had to be accommodated, particularly at harvest times. Under these conditions the initial investment needed to provide holiday accommodation may be small. On the other hand, even a small camp-site may need quite a heavy investment in the provision of water and sanitation.

A farmer's access to capital is limited and may not, in the first instance, be extended because he is venturing into a new form of activity. He has to balance the relatively familiar return to further agricultural investment against the unknown return to the new enterprise. The latter is likely to depend crucially upon occupany rates and these will be difficult to forecast. A decision to move into the holiday industry may leave the farm under-capitalised. As against this, cases have been reported where successful bed and breakfast ventures have provided profits which were then ploughed back into the farm. The Exeter Provincial Agricultural Economic Service has recently

published a study[1] which suggests that particularly in the extreme West, the incomes of farms under 50 acres are considerably dependent upon income from holiday-makers. Dependence decreases with increasing size and varies greatly from area to area. No questions on capital outlay were asked but incomes reported from the provision of accommodation suggest that where occupancy was good over a reasonably long-season, quite heavy outlay might be worthwhile. On the other hand, T.L. Burton[2], using information on a small number of farms spread over a wider area, has suggested that the return to investment whether in improving farm-houses to receive guests or in preparing caravan, camping or chalet sites, is low.

295 It would, therefore, seem that the effect of additional seasonal demand for agricultural products due to holiday-makers has a relatively minor impact on agriculture and that competition for resources is more likely to be felt in relation to capital than to land or labour

Summary of seasonal interactions

296 This short selection of sketches of how other industries are affected by the holiday industry is not comprehensive but seems likely to be fairly representative. The main indirect impact of holiday-spending is upon wholesalers and transport. In a limited number of instances, local manufacturers produce, to some extent, for holiday demand, but the bulk of sales to holiday-makers is of goods which they would demand elsewhere were they not on holiday and the place of production of these is not related to their place of sale. While some industries are affected by seasonal demand for their products, others find themselves in competition for input resources. In both cases, however, local industries seem usually to have found some way of avoiding the full impact of seasonal changes and to have minimised the extent to which labour demand changes or fixed investment is underused at slack periods.

---

1 Tourism and the Cornish Farmer - E.T. Davies, Exeter U.P 1969.

2 Outdoor Recreation Enterprises in Problem Rural Areas - T.L. Burton, Wye College (University of London), 1967.

The interaction within the economy

297 Economic islands do not exist, and it is the interdependence of the parts of an economy which makes for the conceptual and measurement problems in economic analysis. Thus, although an enterprise, for example a bank, may have very little directly to do with visitors to an area, it may be affected considerably when holiday traders pay in their takings, draw out their wage bills and so on. All economic activities, in this way, send out ripples of effects which impact on incomes, prices, employment rates and so on, or which create other economic effects not transmitted via money flows, such as competition for resources resulting in queues and congestion.

298 We have already seen how some of these effects work out in practice. It is, however, important not to be misled by the examples we have given, into thinking that holiday spending affects only the holiday industry as defined in this study. The ripples affect almost every economic activity, although sometimes to an insignificant extent. Consider the expansion of the labour force in hotels and catering as holiday spending rises. This results in a general tightening of the labour market. Many enterprises in other industries find it "difficult" to obtain labour at the peak of the season. This may mean that they offer temporarily higher wages to attract staff, so that even an enterprise engaged in exporting from the region can be affected.

299 A particularly important effect is the process by which incomes are generated by holiday spending. In the first instance, holiday spending raises employment. Holiday revenue in, say, a hotel, becomes transferred in part to hotel workers as wages in part to suppliers of equipment and so on. The wages in turn are partly spent on other goods and services and this again becomes revenue to other producers. In the course of this spending some money will leave the area, either in the form of taxation or for buying goods and services produced elsewhere, or with seasonal immigrant workers when they return home,with only a fraction remaining in the two counties. Thus the process goes on. Each time, less is passed forward until the ripples of interaction finally fade into insignificance, but the end product is that incomes in Devon and Cornwall are raised by some multiple of the original holiday expenditure by visitors. In the process, employment is created, incomes are raised and there are other results of a less significant kind, for example on interest rates as the amount of saving changes.

300 In Chapter 4 we have already tried to estimate the total amount of employment that is created by holiday spending and suggested that it represented about 12% of all employment in Devon and Cornwall. In the remainder of this chapter we try to examine:-

a) the total income arising from holiday spending;

b) the change in aggregate income due to a change in the number of visitors

coming, or the amount they spend (or both);

c) the change in the number of jobs (whole time equivalents) created by such an expenditure change.

The first of these presents a purely static picture and is based on 1966. The second and third are, of course, of vital importance to the economic health and growth of the region.

Holiday spending and aggregate income

301 It is important to realise that, for the reasons given above, the total amount of income arising from expenditure by holiday-makers may differ considerably from the expenditure itself. To give one, possibly extreme, example, consider the sale of a gallon of petrol at say six shillings. Five shillings and sixpence immediately leaves the area either as payment for the production and transport of the petrol or as taxation. On the other hand, the remaining part of the price may give rise to incomes larger than itself as it circulates in the economy.

302 We have not been able to make any independent estimate of holiday-makers' expenditure in Devon and Cornwall. However, according to the British Travel Association, visitors to Devon and Cornwall spent an average of about £19 a head within the two counties in 1966, that is, their non-travel expenditure plus a small proportion of their travel expenditure. This figure has changed only slowly over the past few years. There were about five million holiday-makers including those resident in Devon and Cornwall, so that total holiday expenditure must have been about £90 million. While this figure is very approximate, it is consistent with what other evidence is available. Probably about £60 million of it was spent on accommodation and food, about £5 million on petrol and about £½ million on parking. Quite a high proportion of the remainder must have been spent upon alcoholic drink and on lighter amusements, since visiting pubs, dancing, etc., were frequently mentioned in the Miles-Kelcey Study as the ways in which people had spent their time. For the purposes of analysis, further details of expenditure have had to be assumed, but no firm information is available.

303 The problem now is to estimate the incomes which are generated within Devon and Cornwall by this £90 million. In the first instance, the expenditure may be broken down into its components, roughly speaking:-

Holiday expenditure = Incomes to residents in Devon and Cornwall

+ direct taxation

+ imports (that is goods or services bought by holiday-makers in Devon and Cornwall but produced elsewhere)

+ incomes to immigrant workers taken back with them.

After this direct expenditure, the first item, the incomes to residents, will give rise to further local incomes, since we can divide their incomes as:-

Incomes = Local current expenditure

+ local capital expenditure

+ direct taxes

+ expenditure outside the region

+ savings sent outside the region.

Again the first two items, local current and capital expenditure, generate incomes within Devon and Cornwall and these will give rise to still further spending. The first round, that by holiday-makers, will differ in its constituents from later rounds. For example, holiday-makers do not make capital investments while on holiday and they spend a high proportion of money on (a) services, which have a low import and tax content, and (b) alcoholic drink and petrol, which have a high import and tax content. It seems likely that the former are the more important element and that holiday expenditure gives rise directly to a higher proportion of local income than that of general resident.

304 If one can estimate at each round the proportion "p" of expenditure which remains to form local incomes, the the incomes which arise in the next round of expenditure will be $p \times X$ (where X equals the expenditure) and, if p remains constant, a further $p^2 \times X$ will arise from the second round. The final income arising will therefore be X times $1 + p + p^2 + p^3$ .... and so on. This ratio of the total of income at all stages created by a given amount of initial expenditure we term the 'multiplier'*. In practice the proportion of expenditure remaining as income in the first round will vary according to the type of goods bought, so that the multiplier for spending by holiday-makers will differ from that for the Milk Marketing Board.

305 It is not possible to arrive at the data needed to estimate such a multiplier directly, but, fortunately, the need for precision is not too great partly because it is possible in this instance to use results which have been established by other researchers and partly because we find that if a range of plausible values is tried, the multipliers which result do not vary much. The actual figures used are all set out in Appendix 7 together with estimates of several multipliers. The first one using general expenditure excludes the repercussions of expenditure changes in the local economy on the rest of the U.K's

---

* If $p = \frac{1}{2}$ then $1 + p + p^2 + p^3$ .... equals $1 + \frac{1}{2} + \frac{1}{4} + \frac{1}{8}$... etc., and the total of these, the 'multiplier', is then two.

economy. The second incorporates these effects, and the third is designed specifically to deal with the effects of holiday spending, rather than general spending.

306 The estimated multiplier for general expenditure changes in Devon and Cornwall is of the order of 1.2. This means that a change in expenditure of £1 in the area will, when the repercussions have worked themselves out, lead to a change in local incomes of £1 4s. 0d. The multiplier for holiday spending is 1.3. This difference between 1.2 and 1.3 is more important than perhaps appears at first glance. This is because the initial income accruing to the area is equal to the holiday expenditure, that is to say, it is the gross income. The subsequent increase in incomes to residents, that is to say, the net incomes, in Devon and Cornwall is represented in the first case by 0.2 and in the second by 0.3. Thus £1 of expenditure by holiday-makers will raise local personal incomes by half as much again as an average £1 of expenditure in the area in the second and subsequent rounds.

307 The implication of this is as follows. Suppose that the number of holiday-makers in Devon and Cornwall were to increase by half a million and that they were to continue to spend £19 a head. The latter assumption is, in practice, unlikely, since for various reasons, additional holiday-makers seem likely to spend less per head. However, under our assumption, these holiday-makers would spend 0.5mx £19 or £9.5 million. The initial result of this would be to raise the incomes of people in the two counties by about £9.5 million less payments in taxes and payments for imports and so forth. The final effect, however, would be a rise in local incomes of approximately £12.35 million. This income rise would, of course be distributed very unevenly over the two counties. Some areas where there is little accommodation and few opportunities for paying recreation would scarcely benefit at all, save to the extent that they supply goods or services to holiday areas, for instance when residents in a non-holiday area work in a holiday one.

308 This increase in incomes would occur fairly rapidly, providing that the additional holiday-makers could be accommodated without extra capital expenditure, say if they came out of season. In the longer run, the increase in incomes would be greater if the new level of visitors were maintained, and a fortiori if the rate of growth of visitors were continued. The multiplier would itself increase as rising profits led to an expansion of investment expenditure, which would in turn set off its own multiplier reaction. Furthermore, the increase of the combined multiplier effects would be greater the more confidence that businessmen, hoteliers, etc., had that the numbers would continue to rise.

Expenditure and employment

309 It is clear that increases in expenditure in an economy normally leadto an increase in the numbers of jobs offered. There are, however, considerable difficulties involved in attempting to estimate the relationship between expenditure and jobs. Some of the estimating problems have already been discussed in

Chapter 4. In the present instance, two particular difficulties arise:-

a) many of the jobs created by holiday spending will be seasonal only, and not for the whole year:

b) where there is already full employment, the rising demand for labour will result not so much in an increase in the number of people employed as in rising prices, wages and profits.

With regard to the first, it is very difficult to assess the extent to which increasing the size of the holiday industry in Devon and Cornwall would tend, if at all, to increase the seasonal variation in unemployment. Our evidence in Chapter 4 shows quite clearly that this is higher in holiday areas than elsewhere, and that it is higher in the holiday trades than in non-holiday trades. At the same time, commonsense tells us that not all employment created by holiday spending is of the seasonal sort, and this is confirmed by the studies we have made of individual enterprises in this chapter.

310 The main job creation would occur in the eleven industrial categories listed in paragraph 65, and it is therefore of interest to discover the proportion of employment in these industries created by holiday expenditure, and the size of the seasonal swing in unemployment. This comparison is made in Table 88. Of all the employment provided by these eleven industries, almost two thirds (nearly 30,000) occurred in the holiday accommodation category (S.I.C. 884). Since this class of employment is more dependent than any other (Appendix 5) on holiday spending, one expects it also to show a high seasonal variation in unemployment, and this is confirmed in Table 88, which also shows that it comprises the largest share of seasonal unemployment according to numbers unemployed.

311 It therefore appears that the bulk of employment creation from a growing holiday industry will occur in a relatively seasonal sector of the labour market. If the structure of the accommodation industry remains as it is, and growth occurs, one may expect that this number of unemployed in winter will grow in the future. The other industries in Table 88 which were more than 20% dependent upon holiday spending were Cinemas (43%), Road Passenger Transport (29%), Betting (22%) and Laundries (22%) (see Table 26). In aggregate, these provide 8.7% of holiday employment and 9.2% of winter unemployment. Three of them had reduced the total size of their labour force between 1961 and 1967, and the two remaining accounted for only 2% of employment in the holiday industry. Thus the only serious winter unemployment problem resulting from continued growth of the holiday industry is likely to be in hotels and catering.

312 The second implication of the higher multiplier for the holiday industry is that a given increase in holiday expenditure would create more employment over time in Devon and Cornwall than the same expenditure falling on other sectors of the economy. Precise estimates are difficult, but an increased income of £12.25 million would lead to an increase in available jobs equivalent to approximately 5,500 - 6,000 full time jobs on the basis of a continuation of the current proportions. Probably at least half of these would be female, a similar proportion would be for a few months a year only and between 15% and 20% would be self-employed.

Table 88 DISTRIBUTION OF JOBS AND UNEMPLOYMENT IN HOLIDAY TRADES AND SEASONAL SWINGS

S.I.C. No.	Industry	1967 % of holiday industry jobs	1966 % of holiday industry unemployed in December	1966 Seasonal Swing* (unemp).	% change employment 1961 - 67
702	Road passenger transport	3.5	3.6	20	- 4.5
707	Postal services, telecommunications	1.2	3.7	21	2.9
820	Retail distribution	18.7	23.9	23	0.6
881	Cinemas, etc.	1.7	1.5	32	-19.6
882	Sport, etc.	1.7	2.7	103	44.3
883	Betting	0.3	0.5	69	161.1
884	Hotels and catering	64.0	46.9	92	16.1
885	Laundries	1.5	1.9	33	-12.1
887	Motor repairers, etc.	4.3	5.4	20	13.9
889	Hairdressing	1.5	1.3	24	18.9
906	Local government service	1.6	9.6	19	7.3
		100.0	100.0	39	6.2

* Swing = Maximum unemployed - minimum unemployed per 1,000 employees

(Source: Department of Employment and Productivity and Appendix 8).

313 The effects outlined in previous sections of this chapter will have their impact chiefly in the holiday areas. As was noted in Chapter 4 these areas have recently had the greatest employment growth in both holiday and non-holiday industries and as long as the demand for holidays in the South West maintains itself, or grows, the economic future of these areas remains bright, though questions of the compatibility of the two types of industry remain.

314 The multiplier effect of holiday expenditure for holiday areas is not likely to differ greatly from those for the whole area, although taking the holiday areas individually, it would tend to be slightly smaller due to leakages of money flows out of those areas to the rest of Devon and Cornwall. Another reason for the lower value of the multiplier for a holiday area is that these tend to be areas of relatively higher incomes and it is possible that there is more saving done by residents in these areas.

Conclusions

315 Holiday visitors provide a major expenditure flow in Devon and Cornwall, and one which penetrates the entire economy, though its impact, as we have seen from earlier chapters, is far greater in some areas than others. The peaked timing of this expenditure does not create peaks of the same proportion in employment (and, conversely, unemployment) since firms in the area are able to spread its impact in a variety of ways. Nevertheless, the holiday industries are relatively less stable in their employment pattern than others, as are holiday areas compared with semi-and non-holiday areas. The techniques used by producers, who do not close down out of the season to 'spread the load' are various and include: changing products as seasonal demand changes; changing the stage of production as demand changes; and finally bearing the full brunt of seasonal booms and slumps by changing the intensity of working with a constant labour force and plant.

316 It is probably not far wrong to suppose that about 10 - 12% of incomes in Devon and Cornwall are derived from holiday trades. Growth in holiday spending is likely to increase incomes and employment faster than growth in a wide range of other industries, although possibly not in agriculture. Furthermore, employment is likely to rise faster than incomes because of the relative labour intensiveness of most holiday trades.

CHAPTER TEN

TRANSPORT[1]

317 The transport needed by holiday-makers can be divided into two kinds:

a) transport to and from the holiday area;

b) circulation within the area.

The need for each may be affected by the number of holiday-makers, their origins and destinations, the timing of their holidays and the type of holiday accommodation and facilities they use.

318 Earlier it was suggested in Chapter 2, that the peak number of visitors in Devon and Cornwall was about half a million. Of these some 350,000 would have arrived during the peak week and about 220,000 on the Saturday of that week alone. The problem of transport is really one of coping with these peak times: of bringing this very high number of holiday-makers in and out of the area and of moving them about while they are here.

319 The best reconciliation of the different surveys which have been carried out suggests that about 30% of holiday-makers come from London and the South-East, just under 30% from the Midlands and East Anglia, 20% from Northern England and about 10% from the South West itself, including Devon and Cornwall. The rest are from Scotland, Wales and abroad. These proportions vary slightly over the season.

320 The destination of holiday-makers may be gleaned from Map 1 but recently there has been a tendency for an increasing proportion of holiday-makers, particularly those in cars, not to have a specific destination but to tour about within the area. Actual arrivals and departures are subject to a weekly pattern, with as many as 60% of a week's arrivals entering the area on a Saturday. This weekly effect is probably more intense at the height of the season.

321 All recent surveys suggest that about 80% of all holiday-makers arrive by private car, 10% by train and 10% by bus. The proportion does not seem to vary much according to the season, nor where visitors come from. It does, however, vary according to the accommodation they use; for instance, those who bring their

---

1 This Chapter is based upon our earlier study, <u>The Transport of Holiday-makers in Devon and Cornwall</u>, Exeter, 1967. The present chapter summarises that report.

own accommodation, whether tent or touring caravan, have the highest proportion, over 90%, arriving by car. The lowest private car percentages, 70% to 75%, are associated with hotels, static caravans and chalets. The type of area is also of importance. Low car arrival figures probably obtain for urban resorts as well, where rail travel, in contrast, is relatively important. For the area as a whole the figure of 80% arriving by car is well above the national average of 61% (1966) and indeed, higher than for any other holiday region. This figure was given by Devon County Council as long ago as 1960 and it seems possible that it has reached a ceiling.

PRIVATE CARS

322 We first consider those holiday-makers, four out of every five, who come by private car. The crucial difference between these and the rail and, in most cases, coach arrivals is that they retain their vehicles for use on holiday. Indeed, this is often an important consideration in the decision to bring the car. This creates two traffic problems: a "tidal flow" as holiday-makers arrive and depart, and a "circulation flow" as they visit different parts of the area.

Tidal flow*

323 Despite the fact that no comprehensive figures of traffic counts for the whole area exist, it has been found possible by using the known distribution of holiday-makers and such traffic data as is available, to piece together the main routes used by the 80% coming by car. This has been done in the form of Map 8 which shows the westward flow of 40,000 cars, about average for peak Saturdays in recent years. It must be stressed that the map attempts to show only the flow of "holiday" cars. Other traffic does not disappear on Saturday, although when roads are known to be liable to severe congestion, local traffic tends to avoid them. Local traffic and the circulation of holiday-makers must be added in order to arrive at a total "traffic" count, though the latter is also probably at a minimum on Saturdays.

324 The main points which arise from this exercise are:-

a) Of the two routes into North Devon, only that south of Exmoor carries much holiday traffic and this dwindles rapidly east of Bideford.

b) A heavy flow comes down the A.38 from Bristol of which about a third heads through Tiverton towards Cornwall.

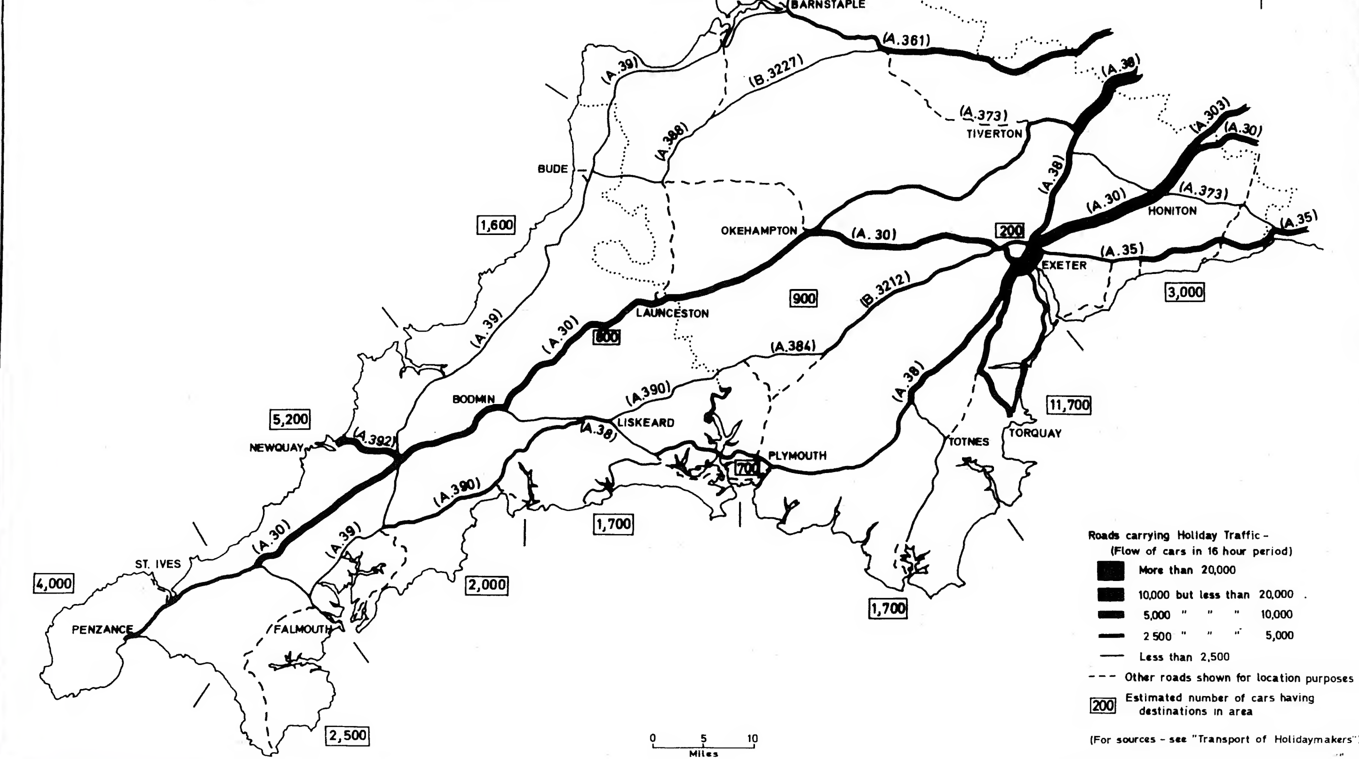
c) Some Midland and London traffic on the A.303 meets other London traffic on the A.30 just inside Devon making very heavy flows on this road westwards from this junction.

*Since the date of this survey the Ministry of Transport has introduced a holiday route system which provides diversions using minor roads which avoid the main bottlenecks on Saturdays. Although traffic had increased substantially by 1969 its redistribution using this system has enabled flows to be balanced and congestion eased at many places. It is hoped that this arrangement will keep traffic moving until M.5 is available in the mid-seventies.

Map No. 8

ESTIMATED WESTWARD FLOW OF HOLIDAY-MAKERS' CARS

(40,000 Cars - Peak Saturday Flow)



(For sources - see "Transport of Holidaymakers")

d) The south coast, A.35, road carries steady traffic, but only part goes as far west as Exeter.

e) Some or all of the last three flows pass through or south of Exeter giving counts of 23,000 to 25,000 vehicles westbound on the Bypass in a sixteen hour period on peak Saturdays.

f) About half the cars passing through or south of Exeter are heading for resorts between the Exe and Dart, mainly on the A.380 to Torquay.

g) Holiday traffic is relatively light on the A.38 west of Haldon Thatch.

h) More than half the traffic entering Cornwall does so on the A.30, and almost half of this has come via Tiverton.

i) Half the cars entering Cornwall are going to Newquay or further west, using the A.30 rather than the A.390 when west of Dobwalls.

325 Holiday traffic includes a number of old vehicles, coaches and lightly powered cars towing caravans. Holiday-makers are often in the area for the first time and not good map-readers. For this reason they appear to concentrate highly on main roads and in the hilly terrain of Devon and Cornwall, there seem to be few further practicable diversions for these traffic streams.

Circulation

326 In addition to these "tidal" flows, which are mainly confined to Saturdays, there are also four aspects of holiday traffic circulation which potentially cause congestion:-

Movement between resorts and along country roads. This traffic is heavy but seldom leads to serious congestion, although delays occur in hilly areas and near rural beaches. The road mileage involved is considerable and often lightly trafficked out of season.

Traffic in urban resorts. This leads to heavy congestion both when holiday-makers are arriving and when they move about within the area, for instance away from beaches.

Rural resorts. In this category are a number of smaller resorts, often sight-seeing attractions rather than beach resorts. The classic case is Polperro where Cornwall County Council is trying to limit access administratively. Many more small resorts are approaching this state where the volume of traffic wishing to enter could only be accommodated by destroying much of the village.

Wet weather circulation. In wet weather holiday-makers drive inland either to the countryside or to larger towns. An important reason for bringing the car is probably its availability in bad weather. This movement is short-lived and rather unpredictable.

These problems have been less publicised than those caused by tidal flow traffic, but each presents serious difficulties which will be aggravated as improvement of main routes encourages more people to bring cars into the area.

Parking

327 One aspect of the pressure exerted by the circulation of cars is their parking. Information provided by local authorities shows that, in addition to free parking on highways, they and others provide about 80,000 spaces in the two counties: about 20,000 inland, 30,000 in resorts and 30,000 in rural coastal areas. In inland towns about one third of places is free, elsewhere payment is usually demanded. The fact that a town is a "resort" has a marked effect upon the spaces provided per 1,000 population. For instance, St. Ives and Padstow have one car space for every two inhabitants. Larger towns make a rather smaller relative provision. In rural areas, parking is often provided privately and large parks have been made behind major beaches and village resorts.

Table 89 OFF-STREET CAR PARKING BY TYPE (1966)

	Local authority		Other	Total
	Free	Paying		
Inland towns	6,700	11,100	1,100	18,900
Resorts	1,200	25,200	3,000	29,400
Rural sea coast	3,500	5,600	18,900	28,000
Other rural	2,100	200	1,900	4,200

(Based on figures supplied by local authorities)

Note: - Parking specifically reserved for coaches has been excluded.

328 In urban areas car parks are expensive to provide, averaging £100 per car space, but sometimes being over £300. Average annual receipts per car space are about £11 and expenses £8, but there are wide variations and rates of return to capital are often low or negative. In rural areas average receipts are probably about £5 per car space, suggesting net profits of £200 - £300 per acre. In many areas, particularly on dunes behind beaches, this offers a very worthwhile rate of return. One problem, however, when charging for parking is that the costs of collection form quite a high proportion of receipts. On a wet day a beach car-park's takings may well fail to cover the attendants' wages. Mechanical collection is also expensive. Such costs will be constant while one attendant or

turn-stile are sufficient. Hence only quite large car-parks are likely to be remunerative and these may be unsightly or topographically difficult to provide behind beaches.

BUS AND COACH

329 In 1965, about 10% or 400,000 of all holiday-makers in Devon and Cornwall arrived by coach. These figures appear to be steady or rising slowly. Buses and coaches also play a part in the circulation of holiday-makers within the two counties.

330 Broadly speaking there are four categories of bus and coach operation:-

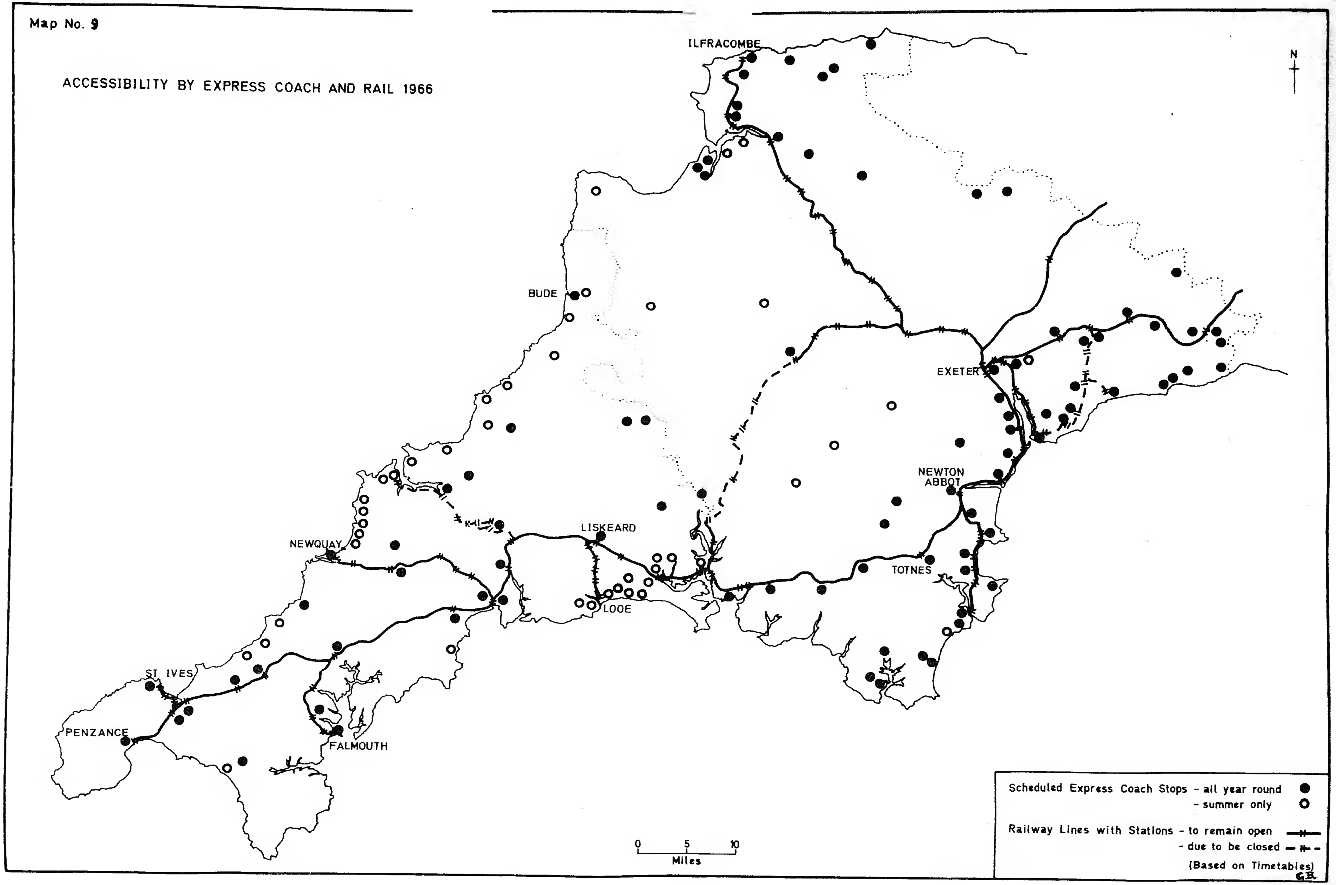
Express or long distance coach services. These run all over the country to fixed timetables and carry about half the holiday-makers arriving or leaving by coach.

Excursions and tours. These are one class for licensing purposes but they include both long distance coaches which are part of the tidal flow and local buses and coaches operating mainly day-trips, which are part of circulation. These excursion coaches carry the other half of holiday-makers arriving by coach .

Stage services. These are normal scheduled bus services serving local areas and often playing a considerable part in the circulation of holiday-makers.

Contract hire. These are coaches hired for particular purposes by persons or organisations. They play a small part in the tidal flow.

331 The construction of coaches, the fact that they can use ordinary roads and the time pattern of demand allows great flexibility in the use of the coach fleet. The extent of this can be seen in Diagram 1 and Map 9. The first shows the daily variation in express coach services entering Exeter Bus Station during 1965. The extreme extent of the Saturday peaks shows the ability of coach services to adjust to demand, over time. The majority of local excursion work is done during the week-days and this allows local excursion coaches to be used for long distance tidal flow movements on Saturdays.


Map No. 9
ACCESSIBILITY BY EXPRESS COACH AND RAIL 1966
ILFRACOMBE
BUDE
EXETER
NEWTON ABBOT
TOTNES
LISKEARD
LOOE
NEWQUAY
ST IVES
PENZANCE
FALMOUTH
N
0
5
10
Miles
Scheduled Express Coach Stops - all year round
- summer only
Railway Lines with Stations - to remain open
- due to be closed
(Based on Timetables)
G.R.

332 The second diagram shows the number of points served by the main operator, Royal Blue, during the season as against the coverage of the railways. Except for certain portions of the South Devon coast, the coach services are now the only scheduled long-distance public transport serving the majority of the Devon and Cornwall coastlines.

RAIL TRANSPORT

333 The role of the railway in holiday travel has become increasingly limited to the carriage of the tidal flow of visitors to and from Devon and Cornwall. In the face of competition and as smaller branch lines have been closed the railways have more or less relinquished their part in the circulation of holiday-makers. The extent of the carriage of visitors by rail to and from the area and its timing can be seen from Diagram 11 which shows the variations in the number of rail passengers entering Devon and Cornwall over the summer timetable period 1965. The heavy Saturday peak figures, rising some weeks to four times the average week-day figure, are met both by carrying more people in each train and by running extra services. The limit on running extra trains was, at one time, the capacity of the permanent way. Recently a more significant element has been coaching stock. Locomotives are fairly flexible between uses, but one of the main economies in equipment effected under the Beeching Plan was the reduction in spare, ageing coach stock held for such purposes as holiday specials and suitable for little else. Given this constraint the railways can carry more holiday-makers economically only by discouraging week-end and encouraging mid-week travel. Success in this has so far eluded them.

334 Car carrying services are provided by British Rail primarily for holiday-makers. They are concentrated within the period May to September and at week-ends. The number of cars carried has been growing but is still under eight thousand: very small compared with the number of cars entering the area.

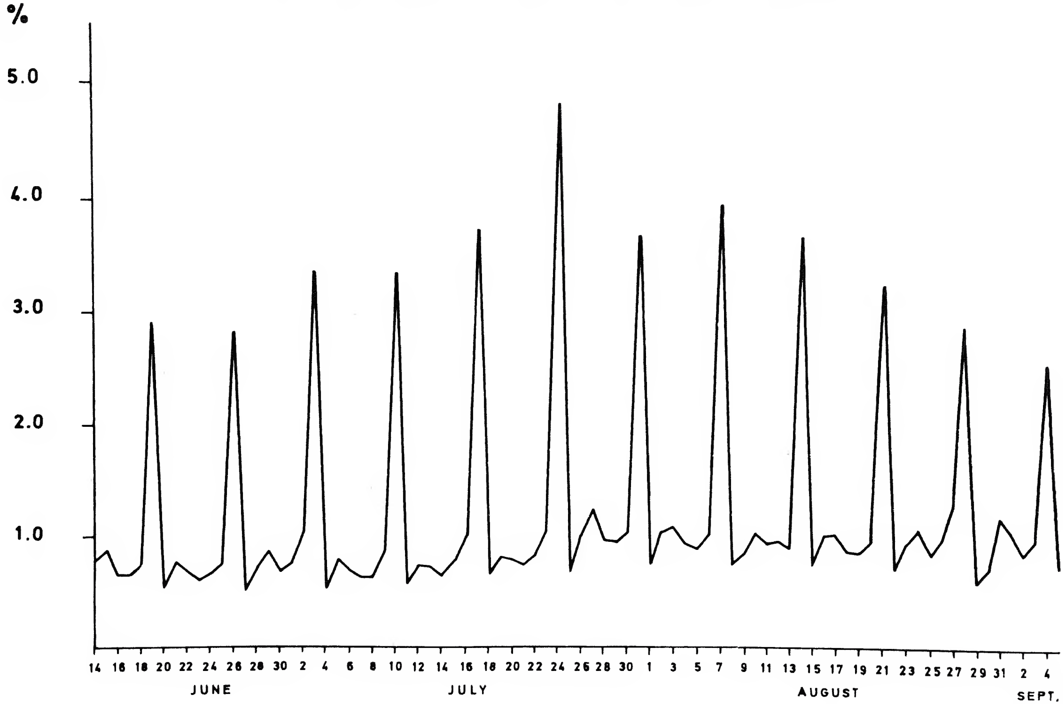
335 While the railways undoubtedly still carry a high proportion of holiday-makers to some resorts, it would seem they are little suited to carrying a demand which suffers from severe fluctuations, quite apart from the limited number of destinations they now serve.

SEA

336 The only sea services to the West Country are from South Wales. They are said to bring some 40,000 holiday-makers a year into the area. A certain amount of circulation by sea also occurs.

Diagram 11

DAILY PERCENTAGE OF RAIL PASSENGERS ENTERING DEVON OVER THE SUMMER TIMETABLE PERIOD 1965



(Source: W.R. Guards' Journals) G.B.

AIR

337 There are two airports in Devon and Cornwall used by holiday-makers:

a) St. Mawgan, near Newquay, which is used for regular scheduled flights on Saturdays in summer. The number of passengers arriving has not exceeded 5,000 although it has given rise to some limited connections to Newquay and other Cornish resorts.

b) Exeter, which has services throughout the year although there is a seasonal and Saturday concentration. The main regular services are to the Channel Islands and Ireland and represent an outward rather than an inward holiday flow. An inward flow has grown up in charter flights mainly bringing students from Germany and Scandinavia to summer schools. Apart from these, however, traffic seems to have been light and no onward land links to resorts have developed.

ON CHOICE OF TRANSPORT

338 Normal transport problems concern goods or persons who are in place A and wish to move to B, there being a choice of means of transport. In the case of holiday-makers the problem is more complex since they have a choice of final destination and the transport they use may be chosen for many reasons. For instance, possible alternatives may be:-

a. a decision to go to the West Country, followed by a choice of type of transport;

b. a decision to take a holiday by car, train, etc., followed by a choice of place to go to;

c. a complex choice such as that between going by car to camp in the West Country, by aeroplane to a hotel in Spain or by train to climb in the Dolomites.

339 Few inquiries seem to have been made which asked holiday-makers directly why they came by the means they did, and it is clear from the foregoing that there would be considerable difficulties in obtaining meaningful replies. Yet, it has been necessary to consider this because "integration" of transport and other discussions on the optimum use of facilities seem to imply that differing forms of transport are direct substitutes, and not, as is suggested here related in a more complex manner.

340 Despite the fact that so many of the factors influencing choice of transport are not measurable, some comparisons of journeys were made using those aspects which are, namely time and cost. The results may be summarised as:-

i) Where air journeys are convenient they are always fastest, but few resorts are served directly. Onward journeys would present considerable problems in many cases.

ii) Coaches are always slower and cheaper than other forms of public transport, although to smaller resorts coach times are comparable with train times taking into account travel from rail heads.

iii) Rail times, station to station, are faster than car, the difference depending upon the route and the necessity for connections. Rail times from London are particularly advantageous, but those to Cornish destinations show less advantage than to Devon. However, for anyone starting or finishing some distance from a main line station the car might well be the quicker way.

iv) Car trains offer little advantage over driving if embarkation and disembarkation times are taken into account. On the other hand they sometimes offer painless night travel, and for longer trips they travel without a break, which a motorist is unlikely to be able to do.

341 Comparison of journey costs is complicated by the fact that for public transport one pays for the "trip" usually per person, whereas car costs are divisible into two parts; fixed costs, licences, etc., and variable costs incurred by driving more miles. Both are almost unaffected by the size of the party travelling. Most motorists probably base decisions on the variable costs of motoring and these are low, probably about 4d. per mile, so that for a family the car may well be the cheapest means of transport. The decision to use variable costs would seem to be logically correct for a car-owing family, but the reasons for travelling by car are probably, in many cases, not economic. Such reasons are well known but it may be as well to rehearse a few:-

a. The avoidance of changing forms of transport. This is in evidence in circulation travel as well as tidal flow.

b. The ease with which baggage can be carried. This is becoming more important in newer forms of "self-catering" accommodation.

c. The wider range of accessible places to stay.

d. The availability of the car for circulation, both to otherresorts and beaches, and for sightseeing in bad weather.

e. The use of the car as a base on the beach or, for instance, when walking.

f. The ease of obtaining information on journeys compared with the problem of discovering train or bus routes and timetables. It is not often realised how difficult a problem this may be between small, widely separated places.

POLICY AND THE FUTURE

The future

342 The figures available do not allow a prediction of the future by any very formal method. However, existing information seems to suggest that the main features are likely to be:-

a) that the number of holiday-makers coming to the West Country will continue to rise rather slowly;

b) that the proportion coming by car will remain at about 80%;

c) that the railways will retain about 10% of the traffic, mainly concentrated on the larger resorts;

d) that coach traffic will continue to grow in line with other transport;

e) that air traffic will rise steadily, but not sufficiently in the next decade to affect other forms of transport significantly.

Given these assumptions there seem to be two problems to be solved. The first is to effect the most economic use of present resources, and the second is to consider the criteria for new investment.

Using existing resources

343 With regard to the first, there seems little scope for pricing policies. It is already economic from most holiday-makers' point of view to come by car, and given the advantages of convenience the price changes needed to alter materially the proportions coming by road are very large. However, there is possibly scope for certain administrative changes, such as those concerning traffic in small towns, which would assist traffic flows, and there seems a strong case for improving information services to entice holiday-makers to areas where there is more room. Both these administrative and information services would be more effective if they could be performed for the two counties together.

344 Where investment is concerned it is clear that it might be cheaper to reduce the peak flows than to build to meet them. The problems arising from this lie outside the scope of our survey. Next, it would seem difficult to produce figures to cover a formal cost/benefit analysis and, therefore, we would propose that the following other criteria be taken into account:-

Investment implications of expansion. The expense of providing for increased transport depends to a large extent upon the factor which is constraining expansion. The main constraints are laid out below:-

Form of transport	Track	Vehicles	Labour
Private car	Expansion required	Provided by holiday-maker	Provided by holiday-maker
Coach/bus	Expansion required, same nature as above	Small expansion possibilities with present fleet	Increase needed, but of relatively common skill
Train	Ample available	Small expansion possibilities at peak hours	Possibility of increased need of relatively rare skill
Air	Ample available	Expansion possibilities depend on general expansion	Highly skilled labour needed, but some available.

Track congestion is normally the clearest evidence of constraint and this is the restraining factor for road vehicles. Train and air "tracks" are not congested, but this does not mean that expansion of these to meet peak demands would be easy - both vehicles and labour are likely to create difficulties.

Flexibilities in use. Cars and coaches run over the same track, and coaches have been shown to be flexible between uses. The railway, however, is inflexible, both from its vehicles and track, in meeting a demand such as holiday demand.

Use over time. The very marked traffic peaks on coaches and railways, often rising to four or five times average week-day traffic, are not paralleled by similar proportional changes in road traffic. This is partly due to flexibility in use.

Complementary investment in other fields. Much of the investment in other fields, such as accommodation, has been to meet car arrivals. It may be that this is an economic form for expansion to take since it spreads the industry through the area and does not confine it to resort towns. This lowers investment costs and spreads generated incomes over a wider area.

345 The implications of all these seem to be that transport investment to assist holiday-makers or the holiday industry implies investment in roads. Over the main trunk routes, holiday traffic is only one of many forms and the justification for improvements must be on the score of all traffic, not just a part. Over much of the route used for "tidal flow" there is probably justification for improvement for total traffic and this improvement will accrue to the benefit of holiday-makers. On the other hand, this will attract more holiday cars into the area and aggravate the problems of the links to minor resorts and of circulation traffic. It will also create a need for more parking space. It is, therefore, clear that investment for circulation must complement investment for "tidal flow".

346 It is not certain how far holiday-makers are "directable", but on grounds of cost and amenity, the amount of road building possible is limited. New and existing roads must be used effectively and this involves an information service to motorists, guiding them to where roads, parking and other facilities can be found.

CHAPTER ELEVEN

SPECIALISATION AND DISPERSAL

SPECIALISATION

Holiday type

347 At present the majority of holiday visitors to Devon and Cornwall centre their holidays on the beaches. It has been pointed out that a specialisation of interest may be dangerous in the future since, with increasingly easier and cheaper air travel, the present customers may desert the area for warmer, possibly less crowded places. We do not entirely accept the assumptions of this prognostication. Almost certainly there is an age pattern in holiday-taking, people going abroad when young and as yet unencumbered with children or when their families have grown up. For many years to come there seem likely to be many families with children for whom the convenience of being able to travel to and from their holiday place by car, and having it available while there, are the paramount factors in deciding their destination. Improved roads to Devon and Cornwall may well increase their numbers. Furthermore, as we have seen, the demand for holidays is income elastic, so that even if there were a relative swing towards taking holidays abroad Devon and Cornwall might still expect an increasing number of visitors as the U.K. economy grew.

348 Another factor which may well mean that domestic holiday-makers will continue to visit the West Country, is the existence of a large quantity of self-catering accommodation. This is appreciated by many holiday-makers, not only because of its low cost but also because of the freedom it allows. While such accommodation exists in other countries, various problems, include that of marketing in a foreign language, suggest that those holiday-makers who wish for this sort of accommodation may be unwilling to try it abroad. Certainly it seems likely that self-catering accommodation of the chalet-type is liable to be less subject to overseas competition than are hotels. Tent sites, on the other hand, may find increasing competition from well-equipped sites in warmer climates.

349 Alternatively, there is a case for proposing other specialised forms of holiday, both because these will attract people who at present hardly visit the area or because the attractions offered may be less dependent upon high sea and air temperatures and so allow a longer season.

350 It is difficult to suggest such specialisations on an area basis. Both Devon and Cornwall have a generalised public image, but it is essentially based on what is at present attracting people; the fine coastline, moorlands, rolling farmland and so on. Neither county can offer much in the way of regional foodstuffs,

although West Country steak-houses and liberal portions of sherry have recently become fairly well-known. There is no regional costume and few events, especially during the holiday season. Many places have fairs, etc., out-of-season, for example Tavistock Goose Fair, but these are a local attraction and may intentionally take place when the area is less full of holiday-makers.

351 One form which specialisation of holidays in the area might take, is that of activities. The obvious field for this is in water recreation round the coast. However, there is only limited space here for more intensive water use. In summer almost all sheltered anchorages are already crowded with boats, mainly locally owned, and while some better facilities would be welcome, it is far from clear that they would be used predominantly by holiday-makers, nor that they would be economically viable. While these limited areas of sheltered water are already fairly intensively used, the more exposed parts of the coast are unsuitable for smaller boats or inexperienced sailors. Moreover, local sailors are often apprehensive lest expensively provided facilities should lead to an increase in their costs. This is a very real concern, because the amount which holiday-makers might be prepared to pay for shore facilities for a short period of intensive use is likely to be more, over a given time, than local people could afford who are using their boats less intensively throughout the season. This sort of consideration seems likely to apply to most forms of foreshore use.

352 Alternative suggestions would be to make more use of the unenclosed moorlands. These are certainly not very intensively used, and it must be realised that they are small compared with similar areas in Wales and Northern England. There are also other problems such as the army use of Dartmoor. Finally, there could be an increased emphasis on natural or historical attractions in the area. The evaluation of these requires further study. It seems unlikely however that anything in Devon and Cornwall can compare with the concentration of interest which exists in say Bath or Edinburgh. Nevertheless, should such interest be aroused, it would undoubtedly have considerable economic implications.

Resort specialisation

353 One form of specialisation which has been successfully practised in a number of areas is resort specialisation. A number of resorts have set out with apparently defined concepts of the sort of holiday trade they should attract. The following examples are by no means comprehensive:-

Budleigh Salterton: limited, quiet resort function, main provision being for resident retired population. This has been made possible by unusual land-owning conditions. The result seems to be a social organisation based on retired leisure, which older people find very satisfying. Economically the town seems prosperous but growth is limited in view of the need to preserve the local conditions.

Sidmouth: an upper class resort based on very sheltered position, charming Georgian buildings and large hotels. As at Budleigh Salterton, no caravan or chalet sites have been allowed to develop. Holiday-makers seem more important than the retired population here, but selection of a particular part of the market, namely quiet, rather expensive holidays, leads to an extended season.

Salcombe: isolation by land and a good sheltered harbour, unsuitable for industrial use, has led to a concentration on sailing and other forms of boating. Here again, appeal to a particular part of the market has led to an economically satisfactory result.

Newquay: attraction here is based on surf beaches and night life. Other forms of development, for instance industry, have been discouraged but all forms of holiday accommodation thrive. The customers are mainly young and while the appearance of the town is somewhat brash, economically it again appears successful.

St. Ives: the appeal here has been to the artistic customer, augmented by the fact that the town is almost as far west as it is possible to go. Unfortunately, St. Ives is too large to live on the rather limited numbers who find this image appealing - other customers have arrived and conflicts have arisen. Nevertheless, there is a strong case for continuing trying to maintain this distinctive character.

354 It would be invidious to name towns which seem uncertain of the character they wish to present, or have tried to be more than one thing and have failed. Very large resorts, for instance, Torbay, can of course, sustain more than one character successfully. Nevertheless, in general, the most successful resorts seem to be those which have set out, intentionally or perhaps accidently, and succeeded in appealing to a particular section of the market. It must be realised that holiday-makers are far more in evidence than the normal residents of a town, because of the activities they pursue. As a result, holiday-makers of different types, or pursuing different activities, interact and it is possible that one type will tend to leave an area when other types enter it, or that conflicts will arise; in either case the result may be economically unfavourable. For this reason, resort specialisation seems both possible and profitable.

355 In making decisions upon resort specialisation, it is important that account be taken not only of the wishes or ambitions of those engaged in the holiday industry, but also those of other residents. As discussed in Chapter 3, most resort areas have been areas of immigration on retirement. The increasing numbers of people reaching advanced ages, younger retirement and greater mobility make it

likely that the proportions of populations of resort areas who are retired will rise. Indeed, changes between 1961 and 1966 suggest that this may be happening quite rapidly.

356 It is possible that the presence of large numbers of retired people throughout the year is of advantage to certain parts of the holiday industry, since it supplies winter custom. On the other hand, there seems to be a feeling that on social grounds young people should be brought in to redress, in some way, this predominance of older people. It would seem as logical to accept that, with increasing mobility on retirement, the population structures of retirement areas will inevitably become more different from those areas which lose their retired citizens. There is not necessarily anything economically or socially unsound in this form of specialisation and it may be what older people wish. Indeed, one of the reasons for their movement may be to seek the company of their contemporaries, or avoid that of too many young! It may even be that for certain areas, specialisation in retirement may be more apt than on holidays.

357 One particular aspect of specialisation is specialisation upon the resort function as opposed to attempting to diversify by, for example, the introduction of manufacturing industry. As far as the holiday industry is concerned, there seems little evidence (Chapter 4) to suggest that initially the introduction of manufacturing industry has any deleterious effect upon the holiday industry in an area, but that after a certain stage, the introduction of further industry becomes associated with a lowered growth rate in the holiday industry, at least as far as employment is concerned. There are, of course, other reasons why, in certain cases, manufacturing industry is unlikely to establish itself in an area, and there have been cases where industries have allegedly interfered with holiday facilities; for instance, the extraction of china clay inland has, at times, been said to have affected beaches at the mouths of rivers. In contrast, docks on a small scale, fisheries, etc., are often an attraction to holiday-makers. If minor industries are to be brought into a resort area on other grounds, such as to provide a diversity of employment, it seems unlikely, as mentioned above, that the holiday industry will be seriously affected by competition for resources, particularly labour, but it is important that amenity considerations are taken into account.

DISPERSAL

358 In Chapter 2 emphasis was laid on the geographical concentration of the holiday industry on the coast. Recently county planning policies have tended, on amenity grounds, to encourage the use of inland areas. There seem also economic grounds for this encouragement, since these areas often have under-used resources which might bring profit if holiday-makers were attracted to them. It needs, however, to be realised that it is not the mere presence of holiday-makers which is economically beneficial. Indeed this may involve unrequited costs in the form of the provision of toilet facilities or parking areas. Benefit to inland areas can only come when holiday-makers spend money there, preferably on accommodation.

359 From the point of view of attraction, the inland area can be divided into three parts, which differ both in their characteristics and the purposes to which

they have put by holiday-makers:-

a) the National Parks and other open moorlands, with their immediate surroundings;

b) the main roads and their immediate neighbourhood;

c) the remaining wide areas of agricultural land.

National Parks and Moorlands

360 The National Parks and other moorlands are relatively little used by the main body of holiday-makers, except for occasional car-trips. Indeed, a recent study by Devon County Council[1] showed that a very high proportion of those visiting Dartmoor, even in summer, is local. It would appear that the majority of people do not venture far from their cars and on the whole, stick fairly closely to the main roads. On the other hand these areas do attract quite a number of visitors, as well as local people, who use the moorlands actively and penetrate far into them and therefore stay in the area for rather longer. As a result, a small number of almost resort towns, such as Lydford and Chagford on the edge of Dartmoor have grown up. For these small towns, visitors are of considerable economic importance, but pressure for increased facilities does not seem to have been very great. This may partly be due to the fact that the National Parks Commission's attitude towards development is known to be restrictive, but quite apart from the fact that applications for camping sites, caravan parks, etc., have been very few, there are other indications that pressure for increased accommodation is not great.

361 Thus, at present, the open moorlands are economically more important as an additional magnet for bringing visitors to sea-side resorts than as attractions of themselves. The question of encouraging visitors to use these areas in ways which would bring benefit of an economic nature rather than problems requires separate study. If they could be brought to use them more actively and seek accommodation within them, there is probably considerable spare capacity which at present goes unused.

Main roads

362 Along the main roads of the two counties a considerable supply of overnight accommodation has sprung up, mostly of the 'bed and breakfast' type, although more recently the occasional, rather more sumptuous, motel has been built.

---

1 Annual Survey of Landscape and Amenity, 1966 - Devon County Planning Officer.

Many country pubs also take part in this trade. These establishments cater for two types of customer, those touring the area and those stopping for a night on their way to a resort. The former is certainly on the increase, although faster roads may decrease the numbers of the latter, since holiday-makers will more often be able to reach their destinations without an overnight stop.

363 Some establishments formerly catering for both these types of visitors have been affected by road changes, for instance the difference in the flow pattern arising from the Tamar bridge. New roads will undoubtedly accentuate these changes. Nevertheless, the better placed establishments seem likely to continue to attract holiday-makers and although they appear to have very considerable fluctuations in occupancy most are on a self-employment basis and can probably adapt to this.

364 Being very cheap, the 'bed and breakfast' establishments seem unlikely to suffer unduly from competition from newly built and necessarily more expensive motels. People seeking overnight accommodation are often looking for minimum facilities, cost being the primary consideration, so that particularly in this field, it is important not to drive very low priced facilities out of business by insistence on raising standards. For instance, the availability of public rooms is of very little importance to people arriving late and leaving early.

365 Thus, while the numbers of such establishments are small compared with those around the coast they often bring useful income into areas which otherwise see few holiday-makers, and seem to present few problems.

Farming areas

366 The other inland farming areas present rather different problems. Visitors here may either be enjoying the countryside or using inland accommodation as a base for visiting beaches and resorts. This latter use seems to have grown up considerably in Cornwall lately, where a central position can be convenient for visiting both coasts. Many farms have spare accommodation, or, alternatively, are in a position to offer camping or caravan sites. On the other hand, in areas where land is used fairly intensively for agriculture, visitors (and their dogs) may interfere with stock and crops.

367 As has been discussed earlier, recent studies[1] show rather conflicting views of the financial possibilities of farmhouse accommodation. There are also

---

1 Outdoor Recreation Enterprises in Problem Rural Areas - Thomas L. Burton, Wye College (University of London), 1967.

Tourism and the Cornish Farmer - E.T. Davies, Exeter, U.P., 1969.

other possible ways of increasing inland accommodation, for instance the creation of slightly larger units, say twenty chalets on a site, in an area to which visitors might be attracted. However, the small number of such sites which exist suggest that operators are not sanguine about this. On the whole it would seem that where farmers have entered the holiday industry, they have done so close to the coast and that in general, the number of visitors likely to be demanding accommodation in inland farming areas is fairly small.

Holiday centres

368 So far, we have discussed the use of existing facilities. There is one further and interesting development which must be mentioned. This is the purpose-built holiday centre such as that at Aviemore in Scotland. The Aviemore Centre has the advantage of a much larger wild area than any available in Devon and Cornwall and also, and possibly crucial to its viability, it enjoys a winter season based on skiing. It is not cheap, but has attracted very large numbers of visitors. Again, this is a matter which needs a special study, but it seems unlikely that there will be very much growth in any of the three types of inland holiday areas discussed unless rather positive steps, possibly of this sort, are taken to promote it.

CHAPTER TWELVE

SEASONALITY

Why seasonality matters

369 Seasonality is a complex phenomenon and has a number of inevitable side effects. First, the capital equipment of the industry is unused for a large part of the year and it is, therefore, difficult for an investor to reap a reasonable rate of return. One result of this is that often the level of investment does not provide for peak demand, so that at the height of the season the facilities needed become very congested. This is particularly true of roads and some other facilities provided by public authorities. Such congestion may impose a number of costs on the local community as well as on the industry and its customers, although these are difficult to quantify. Finally, there is a whole range of problems arising from the seasonal use of labour.

370 There seem no measures other than the control of climate which are likely to create in Devon and Cornwall a winter season with visitor numbers other than very small compared with the summer season. On the other hand, there are measures which might prove efficacious in filling what has so aptly been called the 'shoulders of the season'; that is to say, altering the seasonal pattern from its present sharp peak in July and August into a more consistent level of visitors during the whole of the period from April to October. Two things are at present working in this direction. First, the increase in second holidays which are usually taken out of full season. Second, certain forms of accommodation and, in particular, the more sophisticated chalet sites, seem to achieve a very high occupancy rate throughout the limited season for which they remain open. It is probable that improved roads from other parts of the country will lead to an increase in second holidays and it is also possible that improved standards, particularly in large hotels, and the introduction of such facilities as heated swimming pools, will encourage longer occupancy within the season. As against this, an increase in tented camping is likely to give an even more intense peak to the season; but while the numbers of holiday-makers involved in this may be considerable, the employment it gives and the capital invested are small.

CAPITAL EQUIPMENT

371 The problems which arise from the seasonal use of capital equipment are particularly germane to the supply of accommodation, for in this field there is the possibility of providing a similar service in a number of different ways. Thus, one of the main reasons for the success of chalets and the fact that they do not

find it difficult to attract investment funds, arises from the nature of the chalet as opposed to the hotel. It is important to realise that the catering chalet site is, in fact, nothing more than a hotel spread out one one floor and often offering a greater range of facilities than any comparable hotel, while the self-catering chalet site is really the equivalent of a holiday village or a large block of holiday flats, again spread out on one level and again offering a wide range of facilities. In each case the capital costs per person accommodated are less for the chalets than for the hotels or flats. There are a number of reasons why this might be so:-

a) they are upon one floor so that the structural requirements in terms of the strength needed to support higher floors is less;

b) being on one floor the requirements of fire-proofing are not so high;

c) they are designed for summer use only and hence minimise heating costs, although under current building regulations they must conform to general insulation standards for residential buildings.

As against this, they occupy a much greater area of land and probably have higher costs in terms of the runs involved for drainage, water supplies, electricity and so on. Further, they have expensive road systems and are often much more elaborately equipped than comparable hotels or flats particularly the former. For instance, all modern chalet sites are built with a bathroom in each chalet and those on self-catering sites have kitchens. Yet despite these disadvantages it is still possible to build a chalet site at a capital cost per person accommodated of the order of £500 - £700 as against that of £750 upwards for hotel extensions and possibly £2,000 or more for new hotel buildings.

372 If considerable savings in costs could be achieved by lowering thermal insulation standards for buildings designed for use only in summer it might be possible to amend present legislation. In practice it would seem that the additional strength needed in higher buildings and the requirements for fire-proofing which exist, even if occupation is confined to summer, account for much of the difference between single and multi-storey construction. One result of this has been that holiday flats are usually built to full heating standards because operators of these often find that in fact they can achieve some winter lets. The marginal cost involved in letting a flat during the winter is, of course, low. In contrast, the marginal costs of keeping a hotel open out-of-season tend to be high.

373 The technical problems involved in building hotels and other forms of holiday accommodation are outside the range of this study but it is thought that particularly in the Mediterranean area hotels are built to summer only standards and this allows new hotels to be constructed at a capital cost low enough to offer a reasonable rate of return. It is not quite clear why this should not be so here but one can suggest three possible reasons:-

a) building techniques may be different. It is not known whether overseas building regulations require less stringent standards of safety. Certainly building methods differ from country to country but this may be a matter of tradition and technique rather than regulations.

b) standards of fitting may be lower. For instance, summer hotels in the Mediterranean area are often uncarpetted and furnishings rather sparse.

c) subsidies may be offered for construction.

374 We feel that the first two points mentioned above need further study. On the other hand, we feel there are positive grounds for not offering subsidies for hotel construction in this country. First, it seems likely that this might lead to the provision of hotels which subsequently proved uneconomic even after subsidisation of building costs. Second, if a subsidised hotel was constructed close to an existing one, the latter might, in the absence of an expansion of the market, go out of business, so that the subsidy might well fail in its objective of increasing the number of rooms available.

375 The impact of capital costs on hotel charges is considerable and if Devon and Cornwall are to compete with overseas resorts in hotel accommodation it is important that this matter be further investigated. At present it seems unlikely that new hotels will appear in seasonal resorts unless capital costs can be cut so that they are of the same order as those of chalets.

COSTS

376 For any establishment offering accommodation the problem of seasonality has two aspects:-

i) a decision is needed on the period during which the establishment is open and prepared to receive visitors;

ii) changes in operation are required to adjust to the changing pattern of occupancy between these dates.

377 This double aspect is important for it is reflected in costs, at any rate for hotels. These may be divided roughly into:-

A <u>On-costs</u>, including capital costs, which are largely unaffected by the length of time a hotel is open;

B Time-costs, such as wages for essential staff, which must be paid whenever the hotel is open, but do not depend upon the numbers of clients present;

C Unit costs, such as food, which depend upon custom.

378 Table 90 gives a rough breakdown of hotel costs using data from the Inter-hotel Comparison Survey[1]. Profit has been placed to A since it is essentially servicing of capital. It can be seen that about a quarter of costs are fixed regardless of the time a hotel stays open and a third are incurred while it is open whether anyone comes or not. The figures on which these findings are based are for less seasonal hotels than the majority in Devon and Cornwall, but it is clear that the dates of opening and closing are critical variables and that it does not pay to stay open at the end of the season unless one has a reasonable occupancy rate. This may be quite high since C costs do not alter much at different dates, but revenue per visitor does if a variable tariff is employed. B costs may actually be higher at the end of the season due to the additional expense of heating.

Table 90 COSTS AS PERCENTAGE OF SALES - MEDIAN HOTEL IN INTER-HOTEL COMPARISON

Item	% Total	Allocated		
		A	B	C
Food (sales)	36			36
Food (staff)	3		3	
Wages (including allowances)	26		26	
Heat, light, power	4		2	2
Rates	2	2		
Cleaning	2		1	1
Advertisement, professional charges, renewals, etc.	6	2	2	2
Repairs and maintenance	4	2	2	
Interest	2	2		
Directors' fees	2	2		
Profit	13	13		
	100	23	36	41

(Source: Inter-hotel comparison survey, 1967, University of Surrey, 1968)

1 Report on the Inter-Hotel Comparison Survey, 1967 - University of Surrey, 1968.

379 Other types of enterprise will have different seasonal operating factors. It is noticeable that the more sophisticated camp sites, that is holiday camps with catering facilities and chalet sites with central amusement facilities, run at very high occupancy rates over a somewhat limited season, and do not seem to extend this season beyond the point where their occupancy rates drop below about 80%. The policy here seems to be to advertise that all facilities are available whenever the camp is open and hence almost full costs are borne whatever the occupancy rate. In other words, B costs are high and C costs very low, especially in self-catering sites. Under these conditions this would appear to be the correct policy.

380 At the other extreme is the small family hotel which will often accept visitors although officially closed. Here, the predominant costs are either A or C costs since the family's own remuneration is really an on-cost because they are going to be there in residence in any case and there is little additional expense in keeping the establishment open in the absence of customers.

381 Many other holiday facilities must have similar cost structures. Indeed for some of them C costs must be quite small, for instance seaside theatres, beach car-parks, boats running trips round the bay. In each of these cases, B costs may well predominate. Clearly they must organise their activities to coincide with each other and hotel timings in order to achieve reasonable occupancy. On the other hand most holiday resorts are also retirement areas, so that they will not die in winter to the extent of, say, Brittany or Normandy resorts. We suspect, however, that many establishments do stay open at the end of the season hoping for marginal custom whose revenue does not, in fact, cover their marginal B and C costs.

382 The implications of this cost structure would seem to be:-

a. One must plan so that capital and labour are organised to meet a regular pattern of a five-six month open season;

b. Within these dates one should plan for a maximum occupancy.

LABOUR

383 The labour force policy which arises from the above would seem to be, that one must design and operate in the expectation of using labour which wants seasonal employment (see Chapter 4), or alternatively, that where labour is not content with seasonal work, other out-of-season work should be provided.

384 Changes which create a more consistent level of visitors within the present season without actually extending it beyond Easter and October are likely to improve the return to capital investment and thus make more worthwhile the very improvements in facilities which lead to this better occupancy. It must be noticed, however, that the institutions likely to make such improvements and achieve higher occupancy rates are the larger enterprises and, on the whole, these have a higher proportion of employees to self-employed; that is to say, they are those with less flexibility in the use of their labour force. The smaller establishments, who, in the absence of considerable changes in holiday-taking habits, will probably continue to supply a highly peaked seasonal demand, are those with a high proportion of self-employment and this, as we have suggested elsewhere, offers a flexibility in the use of labour which is not open to those with a large number of employees. The results of present trends would, therefore, seem to be an increase in the number of employees to whom the industry can offer employment from say, Easter to October, but not outside this time, and a decrease in the number of employees involved only for a short time at the peak of the season. This is entirely consistent with the pattern of employment suggested by our Accommodation Survey. Growth in the holiday industry is, therefore, likely to lead to continued high levels of winter unemployment in smaller resort towns unless it can obtain its labour force from other sources. The potential other sources would seem to be:-

a) the semi-retired;

b) other local residents who, for various reasons, do not seek full year employment;

c) students;

d) other temporary immigrants either from the rest of the country or from abroad.

385 Under conditions of increasing mobility on retirement it seems likely that the source of 'a', the semi-retired, will increase. Source 'b', consists mainly of married women, and over the past few years, the industry would seem to have drawn in large numbers of these. It is, of course, possible that a considerable supply remains. The possibility of using larger amounts of student labour is lessened as the period over which labour is required is lengthened because of the limited time for which they are available. A better balanced season would mean that it would be less possible to use student labour. The position regarding 'd' is not clear but certainly at present the holiday industry attracts large numbers of workers from other parts of the country for this short season. During the height of the season most holiday establishments complain of difficulties in recruitment, particularly of skilled labour, and it is likely that this, together with other staffing problems, will lead to the provision of more self-catering accommodation as opposed to full board. However, as was seen in Chapter 4 the change in this direction over the past few years has not led to a decline in the numbers engaged in the holiday industry, and in particular in hotels and catering,

as might have been expected. On the contrary, it has led to a small increase in the male labour force and a large increase in the female, probably often part-time, labour force. There seems no reason to expect that this trend will reverse itself. On the other hand if semi-retired people enter the area in large numbers and are recruited into the holiday industry only during the season, this is not necessarily an unhappy solution to its labour problems.

386 Our feeling is that there is likely to be a polarisation of the industry into two sections. A more sophisticated, professional side of the industry, comprising the larger chalet sites, larger hotels and so on, will offer a wide range of facilities and from this achieve higher occupancy rates through the season. The employment they will offer, while it is only part year, will be on average for a longer period than at present and probably to a more highly skilled and professional labour force. On the other hand there will be large numbers of very small establishments offering relatively few facilities, competitive in view of their low costs and relying upon a largely self-employed labour force. Such establishments are likely to have rather low occupancy rates during the season but their labour and capital structure is such that they are capable of the necessary flexibility to meet seasonal demand and be fairly resilient in the face of economic change. In an industry catering for the very wide range of customers that at present comes to Devon and Cornwall there is likely to be room for both types of enterprise. Those of medium size who are not sufficiently large to offer the full range of facilities but nevertheless rely to a considerable extent upon employee labour, may find it difficult either to achieve high occupancy or to provide the flexibility in labour force which is needed to remain in a seasonal industry.

387 It must be accepted that if there is a marked growth in those establishments offering higher standards and using large amounts of employee labour, then a proportion of this growing number of employees is likely to be unemployed in winter. Figures of registered unemployed out-of-season, particularly in smaller, more remote resort areas are likely to rise. A possible solution to this is discussed below, but it is not clear how serious a social problem this winter unemployment is. For various reasons quite a large proportion is not very active in seeking winter employment (Chapter 4).

Out-of-season employment

388 Another solution to the problems of that part of seasonal labour which would be interested in year-through employment is, of course, to provide out-of-season employment in industries which, for one reason or another, have a low labour requirement in summer. One of these is education, and, undoubtedly educational establishments do offer spare resources both of staff, particularly domestic staff, and students in summer. However, the length of their summer vacation is too short to cover the full period. This is particularly true of skilled workers, chefs, etc., who are normally required for the whole season, and of workers in those establishments which achieve high occupancy rates throughout the period for which they are open. In Cornwall, broccoli provides a good example of a complementary industry. In the nature of things, however, complementary industries are also seasonal industries and suffer from the same problem of low utilisation of capital resources as does the holiday industry. This means that unless the seasonal

factors are natural ones in the sense that agriculture has a seasonal regime, then to be successful they are likely to be industries with low capital investment per person employed. Again, as a generalisation, these tend to be industries offering relatively low wage rates and are not the sort which have, in general, been attracted or encouraged to move to the West Country.

ATTENUATING SEASONAL FLUCTUATIONS

389 Finally, the seasonal nature of the holiday industry might be adjusted by persuading visitors to come at different times of the year. It has been suggested that recent statistics confirm a movement towards a late season, although the early months have shown a disappointingly low level of visitors. It is possible that one cause of this has been a run of early Easters.

Conferences

390 One form of activity which offers high occupancy away from the seasonal peak is conferences. In many major resorts this is an important element, but the resorts in Devon and Cornwall are, with a few exceptions, too small to be able to compete in this trade. Small conferences under 500 people can, and have been, accommodated in growing numbers in such institutions as Exeter University. The requirements are say a minimum of 500 beds plus catering and meetings facilities, the latter involving a hall of considerable size. For the smaller resort, remembering that conferences usually require a reasonably high standard of accommodation, the provision of 500 rooms may be difficult. The construction of a conference hall would involve a very heavy capital investment and it is likely that the Local Authority, who would almost inevitably be called upon to provide such a hall, would find itself saddled with a continuing heavy subsidy. However, the economies of this have not been explored here.

Recreation and entertainment

391 A further method of lenghthening the season is the provision of recreation and entertainment. The level of visitors needed to support various forms of entertainment differs but it is noticeable that in many cases amusement facilities in the more highly seasonal and smaller resorts open late and close down early. This suggests that the occupancy rate needed to make them viable is fairly high. On the other hand if visitors are to be attracted outside the peak of the season, when the beach and seashore are less attractive, the importance of keeping open amusement facilities is increased. It has not been possible within the scope of this survey to explore the economics of seasonal amusement facilities. However, the figures taken from local authority budgets suggest that, with a

number of exceptions, local authority owned theatres in resorts require subsidy. In fact, it seems likely that seasonal amusement facilities seldom show a good rate of return.

392 It is difficult to say how this impasse is to be broken since until high occupancy rates at the ends of the season are achieved, the amusement facilities will not find it profitable to remain open and unless they do remain open the high occupancy rates will not obtain. It hardly seems suitable, except perhaps in the case of municipal theatres, that such enterprises should receive subsidisation.

Pricing policies

393 The final way of trying to spread custom through the season is by pricing policies. So far, deliberate attempts to ease the peak loads and fill unused capacity at other times have been confined to transport and accommodation. In the case of transport, the more important aspect is the weekly, Saturday peak in summer. Both buses and trains have tried pricing policies, the former by placing a surcharge on Saturday travel, the latter, until recently, by offering cheaper mid-week fares. These lower mid-week fares seem to have been ineffective because they have now been dropped and for 1969 a Saturday surcharge has been proposed.

394 All forms of accommodation in resorts have some seasonal fluctuation in prices. Since, as discussed above, the marginal cost of a visitor in a hotel is about one third the total cost, there is less scope for varying prices here than in a camp-site, particularly a self-catering one. Catering camps vary their prices, as far as we can tell from a rather small amount of data, rather more than most hotels, but less than self-catering camps (Diagram 12). This is probably an important factor in the better occupancy rates of some of these establishments, although caravan sites, which often have low occupancy rates at the ends of the season also make quite large price variations. Possibly caravans seem too uncomfortable in end of season weather, despite low prices.

395 Hotels sometimes discriminate by offering special terms for different types of people, for instance, low rates for old age pensioners at particular times of the year. An advantage of this lies in the fact that publicity can be arranged cheaply on a specific basis, for instance by circulating old age pensioners' clubs.

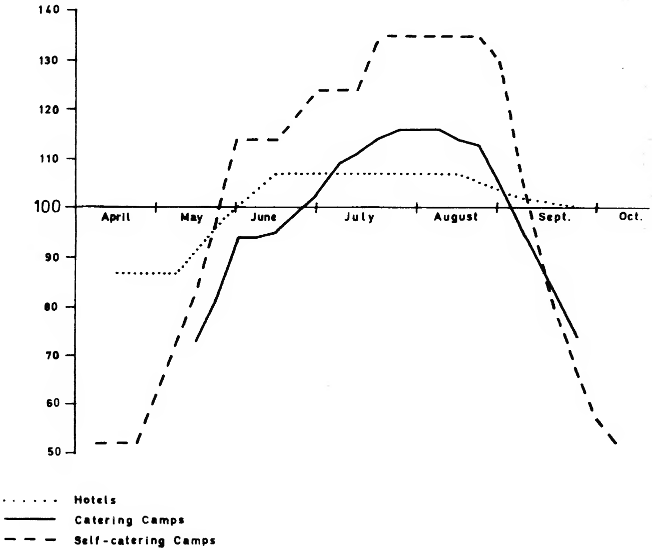
396 On the whole, other prices of goods bought by holiday-makers seem to remain constant throughout the season. This is partly because they are, in many cases, also bought by residents and price discrimination as between different customers tends to be unpopular.

397 We know of no experiments which have intentionally tried varying the extent of price changes over the season in order to determine price elasticities at different times. It seems possible that with sufficient variation a continuously good occupation could be obtained, but this might be possible only by

Diagram 12

SEASONAL PRICE VARIATIONS ACCORDING TO TYPE OF ACCOMMODATION

Average for April to October = 100



Hotel prices based on small sample of advertised prices.

Camp prices based on Messrs. Pontins' published prices for 1967.

G.B.

reducing prices below marginal costs. There is no doubt that over-large differentials are unpopular with holiday-makers although a degree of price change over the season seems to be accepted in the case of accommodation. It might be that a gradual increase in differentials would be preferable to a general increase in prices and that there is a case for more flexibility in pricing.

CHAPTER THIRTEEN

THE FUTURE OF THE INDUSTRY

FORECASTING

Difficulties in forecasting

398 There are two main problems in forecasting the future numbers of holiday-makers in the two counties. The first is the sketchiness of existing data. Figures have been published by Devon County Council over recent years of the number of holiday-makers visiting the county, as follows:-

	Approx.
1960	2,500,000
1963	2,200,000
1964	2,374,000
1965	2,284,000
1966	2,400,000
1967	2,290,000
1968	(2,360,000)*

* (When Torbay C.B. was instituted, Devon C.C. figures were continued for the rump of the county only. This figure is based on certain assumptions and is, therefore, very approximate).

Cornwall County Council for their county give:-

1954	1,414,800
1964	2,090,100

The total for the two counties in 1964 of about $4\frac{1}{2}$ million is confirmed by B.T.A. from 1966 onwards when they started identifying Devon and Cornwalll separately. It can be seen that the only annual series, that for Devon 1963 - 68, does not suggest any steady trend and indeed the variations are no greater than one would expect from the inevitable inaccuracies in collection of figures of this kind. The only reasonable conclusions one can draw are that over the 1950's the numbers coming probably rose considerably, possibly almost doubling over the decade, but that in the 1960's the upward trend ceased and variations probably reflect other factors such as changes in the general economic climate.

399 The other difficulty in forecasting arises from choosing the model, or set of assumptions on which to base one's forecasts. A number of possibilities suggest themselves:-

a) that the level trend of the sixties should roughly be projected forwards;

b) that the important variable is the number of people of certain ages at different times in the future, making the assumption that age is the most important factor in holiday-taking behaviour;

c) a similar forecast, but based on income groups;

d) a forecast using projections of the numbers going abroad, the numbers left to take first holidays at home, the numbers taking second holidays and the proportion of the holidays of each sort which will be taken in Devon and Cornwall.

400 One could prepare a highly complex model using all these variables, but we should delude ourselves if we felt that its complexity implied an ability to predict accurately. For one thing, even having chosen which of the variables should have most influence, we do not necessarily know how to interpret them. For instance, a Scottish survey discovered that visitors to Scotland were predominantly old and that relatively few young people came. From this it is possible to predict either assuming:-

a) that each generation continues its holiday habits, that is, that those who were young at the time of the survey would continue to shun Scotland;

b) that people holiday in different places at different times of their lives, that is, those who are young now will visit Scotland later in their lives.

Under assumption 'a' the number of holiday-makers was likely to fall, under 'b' to rise. Since we do not know which, if either, is more nearly correct, we can make no prediction - the Scots gloomily opted for 'a'. Moreover, it is clear that many other factors are likely to be of importance, such as government economic policy, the level of travel allowances, the amount of accommodation available, the provision of recreation and amusement facilities, the success of advertising campaigns and so on. A useful method of forecasting might even be to predict on the basis that each form of accommodation has a relatively constant occupancy rate, so that an increased supply of accommodation would be followed by an increase in visitor numbers.

401 Under these conditions, we have chosen not to attempt any forecasts of future numbers of visitors. It seems clear that in the absence of continued attempts to encourage visitors, whether by ceasing to advertise, by failing to provide new amenities or maintain existing ones, or by allowing the reputation of the area to decline, that the numbers visiting might well fall. Alternatively, a combination of the factors above suggests, in general, a slight rise in numbers particularly at the ends of the season. There is some statistical evidence that this has occurred in recent years. However, so high a proportion of visitors comes either on the basis of previous visits or of personal recommendation, that any changes seem likely to be fairly slow.

Future changes in accommodation

402 While there are very considerable difficulties in forecasting numbers of visitors, it is, nevertheless, possible to make certain forecasts about the industry itself on the basis of data collected during the accommodation survey. According to this, general expansion, that is to say expansion to deal with larger numbers, was envisaged by a quarter of the camp sites but by far lower proportions of hotels; only 5% of small hotels and just over 10% even for the largest hotels were planning to expand. A rather similar position exists as regard the expansion of other facilities, that is to say, the improvement and up-grading of establishments without necessarily increasing their size. For nearly all types of camp site the proportions proposing to improve their facilities were about two-thirds. In contrast, only 15% of the smallest hotels had plans for improving facilities, although in this respect the proportion of larger hotels planning improvement was similar to that of camp sites. It, therefore, seems likely that the increase in the proportion of visitors using non-traditional forms of accommodation, which has happened in recent years, will continue. At the same time standards will improve in camp sites and in hotels, particularly the larger ones.

403 These conclusions are, of course, subject to enterprises being able to carry out their plans. In the case of hotels, the main obstacle reported was finance. On the other hand, camp site operators found difficulty in obtaining planning permission. This latter constraint probably affects general expansion more severely than the improvement of existing facilities. Indeed, under present conditions of general financial stringency and of tight planning control on camp site expansion, the main change likely in the near future is the improvement in the quality of camp sites. Were easier financial conditions to prevail or even more, were financial incentives given to the industry, hotels would also probably invest in improvements to raise standards. But it seems unlikely that an easing of financial stringency would, of itself, lead to any large expansion of existing hotel accommodation. In particular, it would appear improbable that many new hotels will be constructed in seasonal resort areas unless costs alter very considerably.

Changes in location

404 Changes in the geographic location of the industry are likely to depend largely upon planning policies and their application. Recent years have seen a considerable expansion of the area affected by holiday enterprises outside the original coastal resort towns and this expansion has been into other coastal areas rather than inland. Indeed, the coastal areas as a whole, seem to have become more dependent upon the holiday industry and the holiday industry more concentrated within them. In the absence of planning constraints, this trend would probably continue but it is not yet clear how far efforts to disperse the industry inland are likely to alter the course of events.

The effect of improving roads

405 During the next few years it seems certain that considerable improvement will be made to the road systems of Devon and Cornwall, both by the provision of a fast spine road leading from centres to the east and by the improvement of feeder roads from it. The results of such improvements can be divided into those affecting:-

i) movements into or out of the area;

ii) movements within the area.

The effects for any industry are likely to differ according to the relative importance of factors affecting its location.

406 It is not clear how important the journey to and from a holiday is in determining the places which people visit. It seems unlikely that exact journey times matter very much, but that what is considered a reasonable day's or half-day's drive may be of major importance, since a night's stop on the journey seriously increases the cost of a holiday. Eastern parts of the area can be reached in a longish day's drive from as far afield as the Merseyside conurbation. To the western end of Cornwall, however, London and Birmingham are probably the normal limits within a day. Some drivers are, of course, prepared to undertake far longer journeys without night stops, but many families may well find even the journeys above a strain. For a main holiday most people seem likely to consider that one day at each end is spent travelling, so that for such holidays, particularly in Cornwall, faster roads may very well open up a large segment of the more distant Midlands, Yorkshire and Lancashire as a potential catchment area. For second holidays, people are normally prepared to make only shorter journeys and it is noticeable that Easter and Whitsun visitors are far more common in Devon than in Cornwall probably for this reason. The half-day journey catchment zones for both counties are likely to be materially improved by faster roads and for Cornwall, in particular, this may lead to a better spread of visitors throughout the season. This half-day journey is of particular importance because in the case of second holidays, competition from abroad is less intense, the main competition being from other parts of the country. If half-day journeys can be of greater length, then the outlying parts of Britain are likely to gain at the expense of those nearer to population centres.

407 It is more difficult to forecast how road improvements will affect the location of the industry within the two counties. It may be that having made fast time over the journey down, people will be more prepared to visit the remoter parts of the area, or it may be that road improvements within the area will encourage people to stay inland and visit the coast mainly on day trips. In either case, however, it seems likely that holiday accommodation will be needed more generally throughout the two counties. One contrary effect that some establishments have already experienced, is that many people who previously spent a night on the way, will be able to reach their destinations in one hop, and this may react against establishments on main roads.

408 The effect of main road improvements is thus almost entirely to the advantage of the holiday industry. However, this needs to be put against possible effects on other industries and here better communications are likely to effect polarisations:-

a) towards the most important locating factor, e.g., raw materials, markets, etc.,

b) towards the establishment of large central units, as against numerous dispersed ones, especially when there are economies of scale in production.

Both these may result in more manufacturing industry withdrawing from Devon and Cornwall than moving into the two counties. Such a polarisation appears to have occurred between Bristol and South Wales, according to early results from the Severn Bridge Study. In that case, the most important locating factors seem to have led to an increase in heavy industry in South Wales and to light industry in Bristol. It seems likely that a similar specialisation may occur in Devon and Cornwall. For example agriculture is likely to receive a stimulus, since its main locating factor is the proximity of its raw materials, particularly its most immobile raw materials, the land.

409 For the holiday industry, as with agriculture above, better transport is again likely to be beneficial and to move it towards its locating factors, beaches, moorlands and so on. Hence the effect of better road communications may well be a tendency for Devon and Cornwall to specialise even more upon agriculture and the holiday industry. Indeed the general effect of better communications is always to promote specialisation and there seems to be no reason to expect it to be different in this case.

Summary

410 Thus, while it is not possible to forsee how the total numbers of visitors will change in the future, it is possible to forecast:-

a) a continued change away from traditional forms of accommodation;

b) an improvement in facilities in all forms of accommodation and especially in non-traditional forms;

c) a continued and probably increased reliance upon the motor car, leading almost certainly to a growth in the size of the industry.

It is on the basis of such future changes that the rest of this chapter rests.

411 Since it has not proved possible to make forecasts for future numbers of holiday-makers, and since, in any case, these depend to a certain extent upon action taken to stimulate or depress their numbers, it is useful to discuss whether the holiday industry is one which should be encouraged to expand, or whether its disadvantages to the area are such that it should not be over-encouraged. This entails comparisons of the advantages and disadvantages of the holiday industry as against other industries, either those already existing in the area or those which potentially might be attracted to set up here. It must be realised that the limits of this study have not allowed any attention to be paid in detail to other industries, but, with this provision in mind we list below the characteristics of the industry in three sections:-

i) its benefits;

ii) its disadvantages;

iii) a number of points which are not necessarily either benefits or disadvantages but need to be taken into account.

Benefits of the holiday industry

412 We must first note that the holiday industry in Devon and Cornwall has done remarkably well over the past twenty years. During the 1950's it managed to accommodate an increasing number of holiday-makers, perhaps doubling its product over the decade. During the 1960's it has consolidated its position and in so doing has begun to offer a higher quality product. This higher quality product has been more expensive but does not seem to have led to any diminution of the number of customers. Furthermore in making this consolidation it has also, to some extent, introduced a number of technical changes such as those in the field of new forms of accommodation. Thus in many ways, it has placed itself in a firm position for moving ahead during the next few years.

413 From a national point of view this increase in the number of holiday-makers who could be accommodated has meant that large numbers of people have taken holidays at home rather than go abroad, although it must be admitted that the number of overseas visitors coming to the West Country is small. There are a number of reasons why few overseas visitors come to the area; amongst them is the fact that the type of holiday to which the area is most suited is more likely to interest domestic than foreign customers. It is, of course, possible that some of the changes which have taken place, such as the movement towards self-catering, form a discouragement to overseas visitors. On the other hand, the improved standards in all types of accommodation will have been as welcome to

overseas visitors as they are to those from the United Kingdom and this may well increase future numbers. Thus, while the industry is not at present an important export one, it is important as offering import substitution and in this way plays its part in the balance of payments.

414 In addition, it should be noted that this expansion and consolidation of the industry has taken place without government assistance, on the basis of capital supplied largely from within the industry itself. It can, of course, be argued that this capital might have found more profitable uses elsewhere, but it is also possible that much of it might not otherwise have become available since a high proportion is linked to self-employment. Moreover, behind the front line of the industry, the accommodation and amusement enterprises and so on, a remarkably complex organisation of supply has evolved, much of it admittedly based on the national rather than a local distribution network. This,too, has been achieved without large scale organisational effort and has been due almost entirely to innumerable decisions taken by the large numbers of small firms who form the industry.

415 Only at two points does this growth seem to have placed a strain upon public services and the local infra-structure. In the first instance there has been a conflict between the expansion of the industry and the amenity and visual appearance of the coastlines and the settlements most involved. Second, the holiday industry is a transport intensive industry and this has led to a demand for better roads, parking space, etc., as discussed in Chapter 10.

416 From a social point of view the industry has had much to offer, partly because it has often made use of semi-retired people and has complemented rather than conflicted with the needs of the retired population. Moreover, the inward migration which has occurred in the resort areas shows that even if actual incomes in the industry are low - and we have no method of evaluating this - work in the industry, particularly self-employment within it, is attractive.

417 It also has a reasonably good multiplier. That is to say that the total direct and indirect incomes which arise, either as the result of a given volume of capital investment, or as the result of a certain amount of expenditure, are above the average for industries generally in the area. Although this multiplier is probably not as high as that for agriculture, where the latter leads to the creation of food processing industries, it is almost certainly higher than that of an industry whose raw materials come from outside the area or whose products mainly leave it for further processing elsewhere.

Disadvantages

418 The first and most important disadvantage of the industry is its liability to leave employees unemployed during the winter months. This is a serious disadvantage, although the high proportion of self-employment in the industry offers a flexibility which has somewhat mitigated this effect. Moreover,

the newer forms of accommodation are, in many cases, less labour intensive than the old and, in some cases, manage to offer year-long employment for a high proportion of their staffs. It is not clear how important this disadvantage of seasonality is. A number of minor studies have been made of the labour force attracted into year-long employment mainly in light manufacturing industries, where these have been introduced into resort areas. Results are not fully conclusive, but it does not appear that workers from the holiday industry have left it in large numbers in favour of newly arrived firms.

419 The next disadvantage has been the concentration of the industry within a certain number of areas. All industries are, of course, concentrated, but the holiday industry has particular effects from such concentration since it is the customers who come to buy the products, not the products which are sent out to the customers. This has led not only to the amenity problems raised above but also to certain problems for the local residents who find themselves very crowded during the summer. In particular, this effect, combined with the seasonality of the industry, has placed a strain on transport resources.

420 One result of this concentration is the limited range of employment opportunities within the resort areas, particularly rural resort areas and smaller towns. All small, rather isolated communities, suffer from a lack of range of opportunity and it is difficult to say whether a town of a predominantly holiday character suffers from this more than other towns of similar size. Certainly holiday expenditure is spread across a wide range of industries, albeit mainly service ones. The studies mentioned above have also suggested that where wider employment opportunity is sought, workers will travel quite long distances to find it. Nevertheless, this lack of job opportunity must be partly behind the outflow of young adults from these areas noted in Chapter 3.

421 A further disadvantage of concentrations lies in the vulnerability of an area which relies heavily upon one form of economic activity to changes in the level of this activity, and also to the fact that unless there is growth in this particular section the area may well stagnate. It has been suggested below that there is no evidence that the holiday industry is particularly sensitive to short-term variations in the general level of the economy of the country. On the other hand, while the growth of holidays in general is likely to be substantial it is possible that the growth of domestic holidays may be less rapid and, in particular cases, resorts may find that the types of holiday to which they are geared are losing favour. This is really a warning for the future rather than something which it is possible to forecast and so provide against now.

422 Both these results of concentration in the last two paragraphs, are particularly relevant to smaller resort towns and resort villages. They are, in many ways, a function of the size of these settlements and their relative remoteness rather than of the holiday industry in particular. One benefit of improved communications within Devon and Cornwall would be to extend the possibilities of daily travel to work and so avoid the disadvantages, both in terms of lack of range of employment and of dependence on a single form of activity, while retaining the present settlement pattern and its social framework which, judging by the overall pattern of migration, seems to appeal to many people, both residents here and elsewhere, particularly in middle-age and after.

423 Finally, the industry has become somewhat unbalanced in that while producing accommodation sufficient for the number of visitors, it has failed to a certain extent to provide the amusement facilities which they need. This has not entirely been through lack of enterprises by industry but it is partly due to institutional factors and partly, perhaps, to the wishes of the resident population. In the uncertain climate of the West Country this may be an important competitive disadvantage. It is difficult in an age which actively supports recreation and culture to make a plea for rather more frivolous amusements, but it is probably these rather than the pursuits which improve the body and mind which holiday-makers seek. Cafes with cabarets or tables on the pavement, night clubs, dance halls and casinos are probably more effective magnets for holiday-makers than tennis-courts, pony-trekking or sailing schools. They are also likely to be economically more rewarding.

Further characteristics

424 There are a number of things which it is difficult to place either as benefits or disadvantages but which must be taken into account in assessing the industry.

425 First, we have no measure of the incomes which arise from the holiday industry. In a number of cases these seem to be high and certainly the resort towns do not give an air of poverty. Moreover, the type of industry which has arisen has offered opportunities for part-time involvement by very large numbers of people who would otherwise have rather low incomes. On the other hand, there is reason to think that in certain sections of the industry incomes are rather low. This may, of course, be offset by the pleasant nature of the work in the industry or of the areas in which it is concentrated. If low incomes exist, they do not seem to have made recruitment into the industry difficult. The fact that resort towns have high rateable values per head and good housing characteristics, while the two counties have some of the highest car ownership figures in the country, does not suggest unduly low incomes either in the area as a whole or in the holiday industry in particular.

426 Next there is the possibility of conflict between this industry and other industries. One source of such conflict is the use during the summer by the holiday industry of labour which it may have drawn temporarily from other industries On the other hand, small firms without strong locating factors have often found the amenities of resort towns an encouragement for their establishment. In certain cases, too, the holiday industry has used local inputs which has led to starting up or expansion of other industries in the area. One incompatibility is that land used by the holiday industry is often, although not always, then denied to agriculture. At present, however, this is limited to the coastal belt, where land is not, on the whole outstandingly fertile.

427 The small units into which the industry is broken have the great advantage of flexibility and many of them seem very resilient against poor trading conditions. On the other hand, they are difficult to co-ordinate, for instance

in such matters as booking services, and many of them are not economically ambitious. It seems likely, however, that were the industry organised into larger units with a lower proportion of self-employment, it would be more difficult for it to overcome the problems of seasonal changes in demand although growth might be faster.

428 Next, it is not clear how far the industry is affected by short term variations in economic activity. The figures given in Chapter 4 of changes in the numbers of employees over the period and at the beginning of this chapter on the number of holiday-makers coming to Devon suggest that the demand for holidays is not very sensitive to changes in general economic activity. However, it is possible that while the number of holiday-makers remains fairly consistent despite rise and falls in economic activity, the amount which they spend alters. No figures on expenditure by head seem likely to be accurate enough to reflect the latter changes, if any. On the whole, the picture of the last few years suggests that the dire consequences sometimes foretold for the holiday industry under conditions of economic restraint have not been borne out in practice. Indeed, experience over the last few years seems to indicate that under such conditions consumers continue their holiday expenditure at much the same level, although other aspects such as their willingness to book early in the season, may alter. Presumably, if incomes fall, economy is made by postponing purchase of more durable items; a holiday postponed is, of course, a holiday foregone.

429 Finally, it is uncertain how the growth potential of the industry compares with that of other possible industries for the area. Over the past two decades it has shown a remarkable growth rate both in terms of its output of, we hope satisfied, customers and of employment offered. The future is less clear. At all events, the recent growth has occurred without the necessity for injection of government funds and it is unlikely that the future call by the industry for capital from this source would be substantial compared with some others.

Future Objectives

430 The foregoing assessment of the benefits and disadvantages of the holiday industry suggests a strong case for maintaining it at, or above, its present level of activity. Certainly since it already comprises so large a section of the general economy of Devon and Cornwall, considerable economic hardship would be caused were it to decline significantly and rapidly. Moreover the consolidation of the past few years suggests that the industry is well placed to react to reasonable increases in demand. The limits on the scale of its growth are likely to be set in terms of demand by consumers, that is holiday-makers, who come to this area and, on the supply side, by such factors as the limitations set by planning on amenity grounds. This being the case, the objectives would seem to be:-

a) the improvement of the industry in terms both of the quality and value for money offered to the customers, rather than concentration on increasing its capacity;

b) the mitigation of the existing disadvantages of the holiday industry particularly those arising from its seasonal nature.

APPENDIX 1

LOCAL AUTHORITY AND EMPLOYMENT EXCHANGE AREAS

Local Authority areas are those existing at the 1961 Census. Subsequent changes are shown in footnotes. Figures in brackets are 1961 population figures. The population data for Employment Exchange Areas was kindly supplied by the Ministry of Labour. The total does not tally exactly with the Census total, presumably because the Employment Exchange Area boundaries do not exactly coincide with County boundaries.

Employment Exchange Areas	Corresponding Local Authorities X	Y	Z
A Areas			
Brixham (12,303)	Brixham U.D. (10,721)		
Dartmouth (8,480)	Dartmouth M.B. (5,758)		
Honiton/Sidmouth (27,101)	Sidmouth U.D. (10,890)	Ottery St. Mary U.D. (4,121) Honiton R.D. (7,059) Honiton M.B. (4,718)	
Ilfracombe (13,928)	Ilfracombe U.D. (8,696)		
Kingsbridge (16,158)	Salcombe U.D. (2,549) Kingsbridge R.D. (11,738)	Kingsbridge U.D. (3,287)	
Looe/Liskeard (18,129)	Looe U.D. (3,883)	Liskeard R.D. (13,658)	Liskeard M.B. (4,492)
Newquay/ Perranporth (30,710)	Newquay U.D. (11,881)		
Paignton (30,586)	Paignton U.D. (30,292)		
St. Ives/ St. Mary's/ Penzance (44,142)	St. Ives M.B. (9,346) Isles of Scilly (2,288) Penzance M.B. (19,281)	St. Just U.D. (3,642) West Penwith R.D. (17,544)	

Employment Exchange Areas	Corresponding Local Authorities X	Y	Z
A Areas			
Seaton (8,365)		Seaton U.D. (3,445)	
Teignmouth (26,174)	Dawlish U.D. (7,803) Teignmouth U.D. (11,528)		
Torquay (51,431)	Torquay M.B. (54,046)		
Wadebridge (11,231)	(1) Padstow U.D. (2,675) Wadebridge R.D. (14,928)		
B Areas			
Barnstaple (51,376)	Lynton U.D. (1,918) Barnstaple R.D. (25,073)	(2) Barnstaple M.B. (15,944) South Molton M.B. (2,993)	South Molton R.D. (8,180)
Bideford (31,231)		Bideford R.D. (5,102)	Bideford M.B. (10,498) Gt.Torrington M.B. (2,920) Torrington R.D. (6,944) Northam U.D. (6,572)
Bovey Tracey (11,472)			
Bude (15,582)	Bude-Stratton U.D. (5,124)	(3) Holsworthy U.D. (1,618) Stratton R.D. (4,818)	Holsworthy R.D. (5,798)
Camelford (10,043)	Camelford R.D. (7,091)		
Exmouth (29,008)	Budleigh Salterton U.D. (3,865) Exmouth U.D. (19,753)		
Falmouth (31,616)	Falmouth M.B. (17,621)		Penryn M.B. (4,451)

Employment Exchange Areas	Corresponding Local Authorities		
	X	Y	Z
B Areas			
Helston (19,788)		Helston M.B. (7,086) Kerrier R.D. (21,503)	
Tavistock (18,648)		Tavistock R.D. (15,509)	(4) Tavistock U.D. (6,088)
Truro (31,616)	Truro R.D. (28,040)		Truro M.B. (13,336)
C Areas			
Ashburton (7,340)		Ashburton U.D. (2,722) Buckfastleigh U.D. (2,558)	
Axminster (10,280)		Axminster R.D. (14,407)	
Bodmin (9,244)			Bodmin M.B. (6,214)
Camborne-Redruth (48,672)			Camborne-Redruth (36,110)
Cullompton (10,785)			
Exeter (110,144)			Exeter C.B. (80,321) Crediton U.D. (4,427) Crediton R.D. (9,783) St. Thomas R.D. (35,464)
Gunnislake (3,884)			
Launceston (13,474)			(5) Broadwoodwidger R.D. (2,029) Launceston M.B. (4,524) Launceston R.D. (6,028)

Employment Exchange Areas	Corresponding Local Authorities		
	X	Y	Z
C Areas			
Newton Abbot (30,805)		Newton Abbot R.D. (25,961)	Newton Abbot U.D. (18,060)
Okehampton (17,043)		Okehampton M.B. (3,864) Okehampton R.D. (11,994)	
Plymouth/Saltash/Devonport (253,755)		St. German R.D. (14,782)	Plymouth C.B. (204,409) Saltash M.B. (7,425) Torpoint U.D. (4,268)
Plympton (19,409)			Plympton St.Mary R.D. (38,909)
St. Austell (55,375)	(6) Fowey M.B. (2,263)	(7) Lostwithiel M.B. (1,955) St. Austell U.D. (25,074) St. Austell R.D. (20,970)	
Tiverton (20,748)			Tiverton M.B. (12,397) Tiverton R.D. (20,550)
Totnes (12,248)		Totnes M.B. (5,502) Totnes R.D. (14,968)	

Since the 1961 Census the following changes have taken place:-

(1) Padstow U.D. incorporated in Wadebridge R.D. (X)

(2) South Molton M.B. incorporated in South Molton R.D. (Z)

(3) Holsworthy U.D. incorporated in Holsworthy R.D. (Y incorporated in Z)

(4) Tavistock U.D. incorporated in Tavistock R.D. (Z incorporated in Y)

(5) Broadwoodwidger R.D. incorporated half in Holsworthy R.D. and half in Launceston R.D. (Z)

(6) Fowey M.B. and St. Austell U.D. amalgamated (Y)

(7) Lostwithiel M.B. incorporated in St. Austell R.D. (Y).

TOTAL EMPLOYMENT 1961 - 1967

Employment Exchange Areas		1961	1965	1966	1967
A					
Brixham		2,403	3,231	3,340	3,347
Dartmouth		2,425	2,196	2,348	2,216
Honiton/Sidmouth		6,843	7,148	6,846	6,916
Ilfracombe		3,095	3,506	3,315	3,259
Kingsbridge		3,803	4,060	4,185	3,687
Liskeard/Looe		4,709	4,910	5,264	4,865
Newquay/Perranporth		7,301	8,144	8,240	8,098
Paignton		9,374	11,128	11,357	10,717
Penzance/St. Ives/St. Mary's		12,498	13,229	14,043	13,521
Seaton		1,612	1,664	1,796	1,810
Teignmouth		4,850	5,269	5,279	5,673
Torquay		18,841	20,147	20,143	20,231
Wadebridge	*	2,274	2,683	2,613	2,483
		80,028	87,315	88,789	86,823
B					
Barnstaple		14,440	16,388	15,819	15,567
Bideford		7,805	8,285	8,564	8,556
Bovey Tracey	*	2,282	2,122	2,691	2,772
Bude		3,940	3,743	3,600	3,613
Camelford		1,888	1,946	2,020	2,004
Exmouth		6,612	6,670	6,854	6,700
Falmouth		10,066	9,171	9,746	9,464
Helston		3,844	4,018	4,203	3,893
Tavistock		4,118	4,093	4,120	4,076
Truro		9,805	10,055	11,062	10,284
		64,800	66,491	68,679	66,929

Employment Exchange Areas		1961	1965	1966	1967
C					
Ashburton	*	1,868	1,725	1,855	1,916
Axminster		3,019	3,060	3,067	3,088
Bodmin	*	2,895	3,359	3,361	3,155
Cullompton	*	2,907	3,253	3,041	3,065
Exeter		44,335	47,849	48,537	48,505
Gunnislake		689	608	609	447
Launceston		3,695	3,890	3,973	3,768
Newton Abbot		11,869	12,237	12,651	12,948
Okehampton		3,694	4,253	4,386	4,098
Plymouth/Saltash/Devonport		88,626	93,724	91,518	90,040
Plympton		4,759	5,166	5,806	5,399
Redruth/Camborne		14,808	15,715	16,582	17,602
St. Austell		15,374	16,850	17,525	17,266
Tiverton	*	5,902	6,645	6,822	6,592
Totnes		4,455	4,543	4,887	5,107
		208,895	222,877	224,620	222,996

* Ashburton & Bovey Tracey) figures given together in 1961. Separated on
Bodmin & Wadebridge) basis of respective proportions of Total Employment
Cullompton & Tiverton) 1965.

(Source: Department of Employment and Productivity - Employment Record II)

APPENDIX 3

INTERACTIONS BETWEEN INDUSTRIES

For planning purposes it is important to know whether the stimulation of one industry in an area, in the sense of increasing employment in it, will have any effect upon employment in other industries there. It is possible to suggest conditions both under which this might or might not happen and one way of throwing light upon this is to examine what has happened recently. This was done in Chapter 4 where an attempt was made to isolate, for the period 1961 - 1967 in Devon and Cornwall, areas:-

i) where manufacturing employment increased rapidly and holiday employment did not or vice versa, and

ii) of either comparatively rapid or rather slow growth in both industries.

The method was to find for each employment exchange area the rate of increase in employment in (a) manufacturing (S.I.C. Orders III - XIV) and (b) Hotels and Catering (S.I.C. 884) between the two years expressed as a ratio of

$$\frac{\text{employment in 1967}}{\text{employment in 1961}}$$

The mean values for these rates of increase were 1.446 for manufacturing and 1.146 for hotels and catering. These are not, of course, the actual rates of increase in employment in each group in the area as a whole, but averages of individual ratios. For the area as a whole total employment in manufacturing rose from 72,170 to 80,537, a ratio of 1.116 and hotels and catering from 23,231 to 26,977, a ratio of 1.161. The mean of the ratios for manufacturing in particular was raised by very high ratios in a number of small E.E.A's.

The difference between a rate of increase for a given area and the mean of the rates, will be positive or negative according to whether the increase was greater or less than the average. Under conditions (i) above, one difference will be negative and the other positive and the product will be negative. Under conditions (ii) either both will be positive or both negative and in either case the product will be positive. We can, therefore, pick out conditions under which (i) or (ii) predominates. In Chapter 4, it is suggested that (i) predominates in semi-holiday areas.

The table below shows the position in a number of areas with particularly large positive or negative values. The employment changes have in each case been expressed in the form of an index with the mean value for all E.E.A's equal to 100. It can be seen that, as stated in Chapter 4, high negative values seem to occur mainly in areas where the percentage of employees in S.I.C. 884 is in the middle of the range, roughly equivalent to our semi-holiday areas. Positive values are not concentrated in this way. The negative values mainly occur where high rates of increase in manufacturing employment coincide with low increases, or indeed decreases, in employment in S.I.C. 884. Curiously they are all in Cornwall. As stressed in Chapter 4, the figures by themselves show only an association and do not imply cause and effect.

EMPLOYMENT EXCHANGE AREAS WITH HIGH POSITIVE OR NEGATIVE PRODUCTS AS IN TEXT

	Proportional changes, 1961 - 1967, in number of employees. (Average for group = 100)		% of employees in S.I.C. 884 in 1961
	Manufacturing	S.I.C. 884	
Negative values			
Above average manufacturing/ below average 884:			
Wadebridge	248	80	11
Bude	121	62	8
Camelford	144	62	9
Helston	309	66	7
Bodmin	138	30	4
Below average manufacturing/ above average 884:			
Dartmouth	45	172	7
Ashburton	61	214	3
Positive values			
Both above average:			
Ilfracombe	172	113	31
Seaton	159	115	13
Brixham	113	173	20
Both below average:			
Falmouth	64	74	8
Gunnislake	67	38	2

APPENDIX 4

EMPLOYMENT 1965 - 1967

	Males			Females		
	1965	1966	1967	1965	1966	1967
Total Employment						
Holiday Areas	51,500	51,978	51,285	35,815	36,811	35,538
Semi-holiday	43,408	44,115	43,546	23,083	24,564	23,383
Non-holiday	146,662	147,295	146,278	76,215	77,325	76,718
Holiday Trades						
Holiday Areas	19,844	20,133	20,365	21,060	22,086	21,011
Semi-holiday	11,088	10,832	10,878	10,042	10,633	9,710
Non-holiday	27,567	27,584	27,849	26,853	27,364	26,522
Non-holiday Trades						
Holiday Areas	31,656	31,845	30,920	14,755	14,725	14,527
Semi-holiday	32,320	33,283	32,668	13,041	13,931	13,673
Non-holiday	119,095	119,711	118,429	49,362	49,871	50,196

(Source: Department of Employment and Productivity - Employment Record II)

PROPORTIONS OF LABOUR FORCE DEPENDENT UPON HOLIDAY DEMAND

Estimates of the proportion of employment in each S.I.C. category which is dependent upon holiday demand, were made on one of two bases. First, for a small number of industries highly dependent upon holiday spending, a cross-section analysis was made using regression estimates as described in Chapter 4. Second, for other industries an estimate was made in two parts, first finding an average proportion of total expenditure in the two counties which was attributable to holiday-makers and then adjusting this proportion in various ways for individual industries. The average percentage of expenditure in the two counties made by holiday-makers was estimated as 11% or 0.11. This figure was reached by finding the proportion of total demand provided by visitors in terms of the number of person-weeks they spent in the two counties[1] compared with those spent by residents. The total population of Devon and Cornwall in 1966 was 1.22 million persons, which, assuming they stay put throughout the year, implies a total of 63.361 million person-weeks spent in the two counties by residents. In fact, of course, they do not stay put. If the proportion of residents taking a holiday was the same as for the whole country, then about 353,000 persons will have taken a holiday outside the area. The average number of days away (including second holidays) was 10.5 in 1966, implying about 530,000 person-weeks spent away by residents. The total number of person-weeks spent at home by residents in the two counties was, therefore, 62.831 million.

The number of holiday-makers coming from outside Devon and Cornwall in 1966, based on British Travel Association data, was 4.81 million the average number of days in the area being 11.4. This implies 7.83 million person-weeks spent by visitors to Devon and Cornwall in 1966, which is 11.08% of the total number of person-weeks spent by both categories in the two counties, or a ratio of 0.11.

This basic proportion is then modified according to the class of goods or services considered, the detailed derivation by industry being given below. These proportions are then applied to the total employment in each industry to derive the employment attributable to holiday-makers. Such adjustments are necessary since, it is clear that visitors spend more per capita than residents on some items, (e.g. hotel accommodation and in shops), and less on others. Furthermore, where industries in Devon and Cornwall normally export their products to the rest of the country, the amount they produce will not be altered by the fact that their consumers move temporarily into the area. Details of particular industry

---

1 This technique was used by Cornwall County Council in their survey, <u>Holiday Industry</u>, 1966.

proportions are:-

001 - 3 Agriculture, Forestry, Fisheries

The average 0.11 is too large for this industry which exports much of its product from the region, although it is possible that visitors eat more than residents. A very rough guess is that 60% of total output is exported from the two counties and the assumption made that per capita consumption per week is the same for residents as for visitors. Consequently the proportion must be adjusted to:

$$0.11(1 - 0.6) = .044$$

211 - 499 Manufacturing

Generally assumed to be unaffected by holiday expenditure, except for S.I.C. 231, Brewing, where the standard coefficient of 0.11 is allowed.

500 Construction

It is likely that the average proportion is too high in this case, as holiday-makers do not make much use of buildings. In the absence of detailed knowledge of the amount of new construction of different relevant types, the figure of 0.05 was selected as being probably of the right order of magnitude, though, if anything, it is probably an underestimate.

601 Gas and

602 Electricity

The average requires modification in this case since summer consumption is less than in winter. There is evidence to suggest that output does not vary much over the year and, therefore, since the population of the two counties increases by approximately 30% over the period May - September (the holiday "season") per capita consumption in summer must fall to about 75% the winter rate. About 88% of visitors come in the "season" and, therefore, 88% of the 11% holiday person-weeks of consumption is at 75% of the winter rate and 12% of the 11% is at the winter rate. For residents, 42% of the 89% total person-weeks is at the summer rate and 58% at the winter rate. The proportion may, therefore, be calculated as follows:-

Visitors:	1.0 x 12% x 11%	=	1.31%	(winter)
	0.75 x 88% x 11%	=	7.26%	(summer)
			8.57%	(total)
Residents:	1.0 x 58% x 89%	=	51.62%	(winter)
	0.75 x 42% x 89%	=	28.03%	(summer)
			79.65%	(total)

$$\frac{8.57}{8.57 + 79.65} = 0.085$$

This calculation assumes visitors' per capita consumption to be the same as residents' at the same time of the year, and makes no allowance for residents' holidays outside the area.

603 Water

Water output increases substantially in the summer, especially in agricultural uses, but there appears to be no sensible rationale for altering the average proportion in either direction.

Gas, electricity and water are combined, suitably weighted, in Table 26.

701 Rail Transport

Assumed to be half 702 below.

702 Road Passenger Transport

Based on regression, Table 26.

707 Posts and Telecommunications

As above.

810 Wholesale Distribution

Assumed to be the same as Retail Distribution.

820 **Retail Distribution**

Based on regression, Table 26.

881 **Cinemas, etc.**

Based on regression, Table 26.

882 **Sport and other Recreations**

Based on regression, Table 26.

883 **Betting**

Assumed twice the average - the numbers involved are very small.

884 **Catering and Hotels**

The proportion in this case is estimated at about 0.8. It may appear surprising that it should not be unity. However, not all hotel visitors or restaurant users are holiday-makers. It is unfortunate that this important figure does not lend itself to any obvious method of estimation. Cornwall County Council[1] estimated 78% of demand as being due to holiday-makers. Our own estimate, on a somewhat similar basis, is 80%. Both are probably subject to wide margins of error and the fact that both estimates are so close is probably due to similarity of method rather than to true accuracy.

885 **Laundries**

Based on regression, Table 26.

887 **Motor Repairers, Garages, etc.**

Car ownership is greater among visitors than residents, namely 0.22 cars per person in the case of the latter, compared with 0.31 for the former (based on estimates of peak arrivals). The coefficient is weighted accordingly:-

Visitors:	1.41	x	11%	=	15.51%
Residents:	1.0	x	89%	=	89.00%
					104.51%

$$\frac{15.51}{104.51} = 0.148$$

1 Holiday Industry - Cornwall County Council, 1966. p. 88 - 89.

This probably errs on the low side since when on holiday car mileages are higher than at other times. On the other hand they are less likely to undergo major repairs or maintenance.

889 Hairdressing and

906 Local Government Service

Based on regression, Table 26.

INFORMATION OFFICES AND GUIDE BOOKS

X - Areas	Information offices run by Local Authorities	Other agency	Guide books by post	distributed at bureaux etc.
Brixham U.D.		Not available		
Bude-Stratton U.D.	Yes	---	10,000	2,000
Budleigh Salterton U.D.	Yes	---	2,800	100
Dartmouth M.B.	---	Yes	5,000	500
Dawlish U.D.	Yes	---	6,000	2,000
Exmouth U.D.	---	Yes	15,000	
Falmouth M.B.	---	Yes	18,767	3,000
Ilfracombe U.D.	Yes	---	43,500	1,100
Looe U.D.		Not available		
Lynton U.D.	---	Yes	5,000	2,000
Newquay U.D.	---	Yes	55,000	2,000
Paignton U.D.		Not available		
Penzance M.B.	Yes	---	12,400	2,600
Salcombe U.D.	---	Yes	5,200	800
Sidmouth U.D.	Yes	---	16,200	
Teignmouth U.D.	Yes	---	29,000	1,500
Torquay M.B.	Yes	---	67,349	2,511
St. Ives M.B.	Yes	---	21,557	
Barnstaple R.D.	---	Yes	N.K.	N.K.
Camelford R.D.	Yes	---	3,850	350
Isles of Scilly	Yes	---	12,951	700
Kingsbridge R.D.	---	---	N.K.	N.K.
Truro R.D.	---	Yes	7,481	5,800
Wadebridge R.D.	---	Yes	1,600	500

<table>
<tr><th></th><th>Information offices run by Local Authorities</th><th>Other agency</th><th>Guide books by post</th><th>distributed at bureaux etc.</th></tr>
<tr><td>Y - Areas</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Ashburton U.D.</td><td>Yes</td><td>---</td><td colspan="2">200</td></tr>
<tr><td>Barnstaple M.B.</td><td>---</td><td>Yes</td><td>5,000</td><td>N.K.</td></tr>
<tr><td>Buckfastleigh U.D.</td><td>---</td><td>---</td><td colspan="2">200</td></tr>
<tr><td>Helston M.B.</td><td>---</td><td>---</td><td colspan="2">1,500</td></tr>
<tr><td>Honiton M.B.</td><td>---</td><td>---</td><td colspan="2">500</td></tr>
<tr><td>Kingsbridge U.D.</td><td>---</td><td>Yes</td><td colspan="2">3,450</td></tr>
<tr><td>Lostwithiel M.B.</td><td>---</td><td>---</td><td>200</td><td>50</td></tr>
<tr><td>Okehampton M.B.</td><td>---</td><td>---</td><td>N.K.</td><td>N.K.</td></tr>
<tr><td>Ottery St. Mary U.D.</td><td>---</td><td>---</td><td colspan="2">150</td></tr>
<tr><td>St. Austell U.D.</td><td>---</td><td>---</td><td colspan="2">2,000</td></tr>
<tr><td>St. Just U.D.</td><td>---</td><td>---</td><td colspan="2">--- No guide ---</td></tr>
<tr><td>Seaton U.D.</td><td colspan="4">Not available</td></tr>
<tr><td>Totnes M.B.</td><td>---</td><td>---</td><td colspan="2">600</td></tr>
<tr><td>Axminster R.D.</td><td colspan="4">Not available</td></tr>
<tr><td>Bideford R.D.</td><td>---</td><td>---</td><td colspan="2">400</td></tr>
<tr><td>Honiton R.D.</td><td>---</td><td>---</td><td>N.K.</td><td>N.K.</td></tr>
<tr><td>Kerrier R.D.</td><td>---</td><td>---</td><td colspan="2">1,500</td></tr>
<tr><td>Liskeard R.D.</td><td>---</td><td>---</td><td>120</td><td>150</td></tr>
<tr><td>Newton Abbot R.D.</td><td>---</td><td>---</td><td>50</td><td>150</td></tr>
<tr><td>Okehampton R.D.</td><td>---</td><td>---</td><td>350</td><td>50</td></tr>
<tr><td>St. Austell R.D.</td><td>---</td><td>---</td><td colspan="2">250</td></tr>
<tr><td>St. German R.D.</td><td>---</td><td>---</td><td colspan="2">--- No guide ---</td></tr>
<tr><td>Stratton R.D.</td><td>---</td><td>---</td><td>*</td><td>*</td></tr>
<tr><td>Tavistock R.D.</td><td>Yes</td><td>---</td><td>50</td><td>150</td></tr>
<tr><td>Totnes R.D.</td><td>---</td><td>---</td><td colspan="2">25</td></tr>
<tr><td>West Penwith R.D.</td><td colspan="4">Not available</td></tr>
</table>

* Shared with Bude-Stratton.

INFORMATION OFFICES AND GUIDE BOOKS

	Information offices run by Local Authorities	Other agency	Guide books by post	distributed at bureaux etc.
Z - Areas				
Bideford M.B.	---	---	4,000	1,000
Bodmin M.B.	Yes	---	484	252
Camborne-Redruth U.D.	---	---	1,000	---
Crediton U.D.	---	---	528	55
Exeter C.B.	---	Yes	9,000	800
Gt. Torrington M.B.	Yes	---	N.K.	N.K.
Launceston M.B.	Yes	---	275	25
Liskeard M.B.	---	---	100	150
Newton Abbot U.D.		Not available		
Northam U.D.	Yes	---	4,400	50
Penryn M.B.	---	---	200	
Plymouth C.B.	Yes	---	23,000	2,000
Saltash M.B.	---	---	No Guide	
Tiverton M.B.	---	---	650	100
Torpoint U.D.	---	---	98	20
Truro M.B.	Yes	---	713	24
Crediton R.D.	---	---	50	20
Holsworthy R.D.	---	---	140	
Launceston R.D.	---	---	300	
St. Thomas R.D.	---	---	12	
S. Molton R.D.	---	---	N.K.	N.K.
Tiverton R.D.	---	---	150	
Torrington R.D.	---	---	150	

REGIONAL MULTIPLIERS

The Local Economy in Abstraction

It is convenient to use a "forecasting" model of the local economy in order to predict the effects on local incomes of expenditure changes of various kinds. This means, essentially, that supply considerations are ignored and we concentrate on the conditions of aggregate demand. To economists, the approach is the familiar post-Keynesian reversal of Say's Law to say that demand creates its own supply. We concentrate exclusively on the market for goods and services (assuming that effects on money and bond markets are, for our purposes, of the second order of significance), and define the following identity:

$$(1) \qquad Y \equiv C + I + G - T_i + X - M$$

where the symbols have the following meanings:

C = Consumers' expenditure,

I = regional gross investment,

G = government expenditure on regionally produced goods and services,

T_i = indirect taxation,

X = regional exports and

M = regional imports.

In addition we use the symbols:

B = governmental transfers (unemployment benefit + National Assistance) and

T_d = direct taxation including National Insurance contributions.

The triple identity sign ($\equiv$) shows that (1) is true by definition, that is, that gross output at factor cost (Y) is equal to sales to consumers (C), businessmen (I), government (G) and foreigners (X - M), less indirect taxation (T_i).

We then propose the following simple relationships:-

$$C = \bar{C} + c(Y - T_d + B)$$

$$I = \bar{I}$$

$$G = \bar{G}$$

$$T_d = \bar{T}_d + t_d(Y)$$

$T_i = t_i(C)$ Indirect taxation being assumed to fall only on consumption

$$X = \bar{X}$$

$$M = \bar{M} + m(Y - T_d + B)$$

$$B = -b(Y)$$

By substitution in (1) and assuming no induced effects on I, C and X, we have for any exogenous change in expenditure (say ΔE)[1]:

$$(2) \quad \Delta Y = c\,\Delta(Y - T_d + B) - t_i c\,\Delta(Y - T_d + B) - m\,\Delta(Y - T_d + B) + \Delta E$$

dividing through by Y we have:

$$1 = (1 - t_d - b)\,(c - t_i c - m) + \Delta E/\Delta Y$$

which gives an instantaneous regional multiplier ($\Delta Y/\Delta E$):

$$(3) \quad k_1 = \frac{1}{1 - (1 - t_d - b)\,(c - t_i c - m)}$$

which is a first shot regional multiplier which we may attempt to estimate for a small region such as the two counties of Devon and Cornwall.[2]

---

1 Since, (1a), $Y = (\bar{C} + c\{Y - T_d + B\}) + \bar{I} + \bar{G} - t_i\,(\bar{C} + c\{Y - T_d + B\})$

$$+ \bar{X} - (\bar{M} + m\,\{Y - T_d + B\})$$

2 In the equations, letters with a bar over them indicate a constant term which is "autonomous". The lower case letters are rates of change of the dependent variable with respect to the independent variable, or "marginal propensities".

Estimating the coefficients

marginal propensity to consume (c)

Regressing consumer expenditure on disposable income from the Blue Books since 1952 gives a c of approximately 0.85. Brown[1] uses c = 0.8, Archibald[2] uses c = 0.9. We shall use c = 0.9 for Devon and Cornwall on the grounds that most of the two counties is a development area, where unemployment is relatively high and one would expect the unemployed to have a higher c than average. However, the presence of the "retirement" industry is evidence of the presence of a large number of persons who probably have a lower than average c. To the extent, however, that retired people are on fixed or "unearned" incomes accruing from outside the two counties, one is probably justified in regarding this offsetting influence as negligible. c is accordingly taken as 0.9

marginal rate of personal income tax (t_d)

Prest[3] gets a range for t_d of 0.18-0.21 (including tax paid by non-corporate enterprise). This, however, does not include National Insurance contributions. The latter vary directly with employment, and if employment varies directly with income, then the marginal rate of contribution must be greater than zero. In 1965, National Insurance contributions were 8% of income from employment in the whole country, so that if employment changes in the same proportion as income, then contributions increase by 8%. In Devon and Cornwall, one would expect the marginal rate of contribution to be higher since earnings are on average lower than for the country as a whole. By adding an allowance for National Insurance contributions, we thus get a plausible range for t_d of 0.18-0.30 within which t_d for Devon and Cornwall should lie. Although this range is wide, as we shall see the value of the multiplier is not very sensitive to changes in t_d in the range suggested.

---

1 A.J. Brown et al., The "Green Paper" on the Development Areas, National Institute Economic Review, May, 1960, No. 40, p. 33

2 G.C. Archibald, Regional Multiplier Effects in the United Kingdom, Oxford Economic Papers, March, 1967, Vol. 19, No. 1, p. 27.

3 A.R. Prest, The Sensitivity of the Yield of Personal Income Tax in the United Kingdom, Economic Journal, Vol. 72, 1962, pp. 576 - 596.

marginal rate of indirect tax (t_i)

The model assumes equality of average and marginal rates of indirect taxation. The ratio of taxes on expenditure to consumers' expenditure in the Blue Books averages at about 0.16 for the last few years, and this is the value for t_i adopted here.

marginal rate of transfers to households (-b)

Using Archibald's[1] estimate of the ratio of Unemployment Benefit and National Assistance to average Regional earnings, which for a development area (Scotland) gave a coefficient of 0.4, the estimate is $-b = -0.2$ on the basis that earnings are about half G.N.P. The significance of this factor is that falling/rising regional incomes are accompanied by increased/decreased government transfers which tend to reduce the effect of the multiplier.

marginal propensity to import (m)

This is the most troublesome coefficient to estimate. We shall try a variety of values, remembering that in general, the smaller the economic size of a region the greater its importing propensity tends to be depending on the degree of specialisation and assuming the same "tastes". We may also expect the marginal propensity (m) to be larger, though this is not implied by specialisation itself, for it is implied by increasing specialisation such as one expects where wealth is growing and structural changes in the economy accompany it. Also, a high m is to be expected for less developed areas whose main economic activity lies in primary or tertiary industry, such as Devon and Cornwall.

The procedure here is to try a number of values for m within a range which on *a priori* grounds appears reasonable, and thus to derive a range of plausible values for the regional multiplier of Devon and Cornwall.

Estimating the Generalised Regional Multiplier

We may now experiment with the values arrived at above and with a variety of multipliers. Using the form of the multiplier in (3), we have:

$$k_1 = \frac{1}{1 - xy}$$

1 *op. cit.*, p. 45.

where $x = 1 - t_d - b$; and $y = c - t_i c - m$. We take as given $c = 0.9$, $t_i = 0.16$ and $b = 0.2$ and vary the values of t_d and m. The different values assumed by k_1 are given in the table. The results of the calculations in the Table are all low, ranging from 1.03 to 1.28. Omitting b would give a highest value of 1.42. Archibald's form of the multiplier[1]

$$k = \frac{1}{1 - (c - m)(1 - t_d)}$$

for equivalent values of m and t_d gives a range of 1.16 to 1.69, which is, however, both wider and too generous. He narrows the plausible range of m from 0.59 to 0.76 which then gives a rangefor his multiplier of from 1.11 to 1.34 and for k_1 of from slightly less than unity to 1.11.

The smallness of the values in the table is thus consistent with the results got by Archibald and also with those derived by Brown[2] who uses a similar formula to that for k_1. k_1 values are more sensitive to changes in m than to changes in t_d as is clear from the table and the smallness of k_1 values is, of course, attributable chiefly to the high leakage through imports. Also, the higher the m, the less the sensitivity of k_1 to changes in t_d.

There is, of course, a feedback effect on the local economy as imports from the rest of the United Kingdom change leading to multiplier effects on incomes in the rest of the United Kingdom. These income changes then imply a change in the demand for Devon and Cornwall's exports. (We ignore as negligible the feed-back effects of foreign multipliers). The income change for the two counties now becomes:

$$(4) \qquad \Delta Y = \frac{\Delta E + \Delta X}{1 - (1 - t_d - b)(c - t_i c - m)}$$

where ΔX is the induced change in exports to the rest of the United Kingdom via imports, for any ΔE which represents, as before, any change in expenditure in Devon and Cornwall. ΔX is a function of income changes in the rest of the United Kingdom and may be written:[3]

$$(5) \qquad \Delta X = m_{UK} \; \Delta Y_{UK} x$$

---

1 *op. cit.*, p. 27.

2 *op. cit.*, p. 33.

3 Since $\Delta X = m_{UK} \, \Delta(Y - T_d + B)_{UK} = m_{UK} \, \Delta Y(1 - t_d - b)_{UK}$, and $(1 - t_d - b)_{UK} = (1 - t_d - b)$ as used above for Devon and Cornwall.

Trial Values of k_1

m \ t_d	.18	.21	.23	.25	.28	.30
.4	1.28	1.27	1.25	1.24	1.23	1.22
.425	1.26	1.24	1.23	1.23	1.21	1.20
.45	1.23	1.22	1.21	1.20	1.19	1.18
.475	1.21	1.20	1.19	1.18	1.17	1.16
.5	1.19	1.18	1.17	1.16	1.15	1.15
.525	1.17	1.16	1.15	1.15	1.14	1.13
.55	1.15	1.14	1.13	1.13	1.12	1.11
.575	1.13	1.12	1.12	1.11	1.10	1.10
.6	1.11	1.10	1.10	1.09	1.09	1.08
.625	1.09	1.08	1.08	1.08	1.07	1.07
.65	1.07	1.07	1.06	1.06	1.06	1.06
.675	1.05	1.05	1.05	1.05	1.04	1.04
.7	1.04	1.03	1.03	1.03	1.03	1.03

where m_{UK} is the marginal propensity of the rest of the United Kingdom to import goods and services from Devon and Cornwall only. The relevant Y_{UK} is a function of the income change in Devon and Cornwall and may be written:

$$(6) \qquad \Delta Y_{UK} = \frac{m_{DC} \; \Delta Yx}{1 - xz}$$

where m_{DC} is the marginal propensity of Devon and Cornwall to import goods and services from the rest of the United Kingdom, $z = (c - t_1 c - m_T)$, and m_T is the rest of the United Kingdom's total marginal propensity to import (i.e. including imports from Devon and Cornwall, and all foreign imports). Substituting (5) and (6) into (4), we have the equation:

$$(7) \qquad \Delta Y = \frac{\Delta E + \dfrac{m_{UK} m_{DC} \, \Delta Yx^2}{1 - xz}}{1 - xy}$$

which yields a new regional multiplier: k_2

$$(8) \qquad k_2 = \frac{1 - xz}{(1 - xy)(1 - xz) - m_{UK} m_{DC} x^2}$$

which takes into account the repercussions of induced changes in exports. Insertion of trial values of $m_{UK} = .05$, $m_{DC} = .2$, $m_T = .25$ changes the range of the regional multiplier from $k_1 = 1.03\text{-}1.28$ to $k_2 = 1.04\text{-}1.29$, i.e., in general to raise k by only about .01, an insignificant amount given the initial uncertainty about basic values for coefficients[1]. More favourable estimates of m_{UK} and m_{DC} make very little difference.

Translating this result into a more readily intelligible form, the relatively small income rise in the rest of the United Kingdom generated by a rise in imports into Devon and Cornwall is dissipated partly in the larger economy of the rest of the country and partly in foreign countries. These two effects combined with a demand for imports from Devon and Cornwall that is bound to be small given that the area is small and relatively less developed, means that any increase in regional k is itself bound to be small.

---

1 This is, of course, on a <u>ceteris paribus</u> assumption. In actual practice the increase in DC exports would be greater if incomes in U.K. are growing. The multiplier includes only the increase induced by changes in DC imports.

The ranges of the multipliers calculated have so far been found to be from 1.04 to 1.29. This points to a rather low general multiplier. We can narrow further the plausible range by using Archibald's estimate of $(c - m)$ below which it is unlikely to lie. He regressed national data of value added that could be supposed reasonably to be generated locally (mostly service industries) on disposable income and got $(c - m) = .227$ which gives a maximum value for $m = .67$. Inclusion of hotels and catering, construction and other industries would reduce this to(say) .5. Supposing that $m_{DC} = .3$ and $t_d = .23$ (compromising on Prest's estimates and adding half the maximum possible addition due to National Insurance contributions), the final estimate for regional k is $k_2 = 1.18$.

The Holiday Expenditure Multiplier

k_2 is the multiplier relevant to an exogenous change in general expenditure. One may, however, reasonably expect that the multiplier associated with holiday expenditure (k_h) is rather higher than this because holiday-makers spend a larger proportion of their money on locally produced goods and services than residents do. Beyond this "first round" stage, there is, of course, no reason to expect spending patterns to be unduly different from what they would have been for a general increase in expenditure, save to the extent that holiday traders use more locally produced inputs. On general grounds then, imports induced by holiday spending may be expected to be lower than for an equal value of general spending, say $m = .4$ and $m_{DC} = .2$.

Furthermore, little of holiday expenditure in bed and breakfast accommodation is caught in the tax net. Cornwall County Council[1] estimates about 20% of all visitors' expenditure is on bed and breakfast accommodation. On the assumption that about half of this is not declared, t_d falls from .23 to .20.

A final adjustment which should be made is to allow for the reduction in consumption in the rest of the United Kingdom while holiday-makers are in Devon and Cornwall. This could be done in principle, but in practice would be so small, given a small m_{UK}, that it would be of academic interest only. Consequently we do not bother to adjust for it.

Inserting the new values for m, m_{DC} and t_d gives $k_h = 1.29$ compared with $k_2 = 1.18$. In other words, the holiday expenditure multiplier is to be expected to be significantly higher than the general regional multiplier, and the ultimate effects of an increase in the expenditure of visitors to Devon and Cornwall on incomes and employment in the two counties would be greater, whether in terms of more coming, or simply more spent per capita, than a change of the same money value in any other general component of aggregate demand, provided that the increase in holiday expenditure is distributed in the same way as the total is currently.

---

1 op. cit., p. 93.

APPENDIX 8

THE ACCOMMODATION SURVEY

In order to investigate the operation of different forms of accommodation, both the traditional hotels and boarding houses and the newer camp, caravan and chalet sites, an interview survey was made. The following are the main details.

METHOD OF SELECTING THE SAMPLE

Hotels and boarding houses

Hotels and boarding houses are widely spread throughout Devon and Cornwall and their size varies greatly, there being large numbers of very small establishments and more limited numbers of larger ones. The latter are much more heterogeneous and contain a relatively large proportion of total accommodation. These two facts implied first that the sample must be in two stages; a primary selection of small areas in order to concentrate field work and save travelling expenses, and a secondary selection of units within each area, using some form of stratification by size. These requirements could not be fully met in the absence of a complete sampling frame which distinguished sizes of units and this did not exist at the time that the sample was chosen. The data available at that time was the 1961 Census figure for the number of hotel rooms in each local authority area, the local guides and accommodation lists and other scattered information such as A.A. gazetteers. The guide books cover the whole area, but in differing detail and some parts are covered more than once. Some guides merely contain advertisements for hotels, while others also list them with certain main details. Some lists appear more complete than others. However, in the absence of a great deal of investigation it was necessary to use the guides backed by a few other sources and to avoid duplication as far as possible by inspection.

Since the guides are not fully comprehensive and are not, of course, designed as sampling frames, the first stage units, the Local Authorities, were selected by a random method on the basis of the 1961 Census count of hotel rooms, picking Local Authorities with a probability proportional to the number of rooms in each. Inland rural authorities have very few hotel rooms, so that these were made a separate stratum and one authority, Okehampton Rural District, chosen separately.

In the first sample thirteen Local Authorities, seven in Devon and six in Cornwall, were selected. Establishments were then picked in each on the basis:-

8	under 10 rooms
8	10 - 19 rooms
8	20 rooms or over.

In some areas it was not possible to fill the quotas in the top two groups and this gave only 275 establishments in total. The size of each hotel, etc., was discovered as far as possible from the local guides and checked during the interview.

After the first sample results were collected it became clear that although the information on the smallest class of hotels was fairly satisfactory, that on the two larger, more heterogeneous, groups was not. It was, therefore, decided to extend the sample to cover more of these. A further seven towns were then selected, two of which, Torquay and Newquay, were second samples in the two areas with the largest numbers of hotel rooms. Samples for Exeter and Plymouth were also chosen, although these had not appeared in the draw. These samples contained only 14 hotels in each area:-

7	10 - 19 rooms
7	20 rooms or over.

One additional sample was chosen for separate analysis of the seven largest hotels in Torquay since the random selection had failed to include any of them. At one town, Westward Ho', a sample including holiday flats, which had not previously been included, was drawn; these are often combined with hotels and, therefore, difficult to deal with as a separate class. This gave a total of a further 147 possible interviews, being 422 in all, 361 of which were successful. Non-response was not only due to deliberate refusal. The first sample was interviewed in April and May, before the season began, and the second in September, October and November, after its end. It is clearly necessary to avoid interviewing at the height of the season, but interviewing at the ends involves the risk of missing proprietors of seasonal hotels who open late or close early. Some hotels had apparently vanished and in some cases repeated calls failed to establish a convenient time for conducting an interview. It was not, in general, felt worthwhile making a 50 or 100 mile journey to a town where only one interview remained to be conducted.

While these samples were being interviewed, Messrs. Miles-Kelcey were conducting an enumeration of all accommodation in the area. We are greatly indebted to them and the British Travel Association for making data from this available. The information sought by them was of rather a different nature, but it included both the number of rooms in the hotel, and the total number of visitors who could be accommodated. The former information was difficult to use, although we had ourselves stratified by it, since rooms can be single, double or multiple and these were given separately by Miles-Kelcey. However, both surveys had included a question on the maximum number of visitors who could be accommodated, and so it was possible to obtain for each size group on this basis the sampling fraction which had actually been achieved, and this was used for grossing up our results and in the analysis.

Camp and chalet sites

For sampling camp and chalet sites good sampling frames exist in the lists of County Councils' licensed sites, and we are grateful to these Authorities for making them available. These lists give the size, location and type of site: tent, chalet, etc. For the purposes of picking the sample a two-way classification was used: size and type, the latter being defined as "static", "mobile" or "mixed". Static was taken to include chalets or static caravans, while mobile included both tents and touring caravans.

From these lists samples were chosen in the first part of the survey to cover four areas: North Devon, South Devon, North Cornwall, South Cornwall. The two-way classification often gave very few large sites of a type in any given area, but large numbers of smaller sites. For this reason, the larger sites were selected first and then some "deliberate" attempt was made to limit the area within which smaller sites were chosen by centering it on the larger ones. Only 43 sites were selected for interview in the first sample and it became clear that they were very heterogeneous. A complication, which could not be brought into the stratification since it is not identifiable from the licensing lists, is the distinction between catering and self-catering sites. The number of the former is small, but they are all large. In view of this heterogeneity it was clear that the sample so far interviewed was too small for drawing inferences with confidence and the supplementary sample included 61 sites chosen on the same principles as above. In the two stages a total of 91 successful camp site interviews was obtained.

Implications of sampling method used

The method of drawing samples forced upon the Survey by lack of sampling frames and the dispersion of the units is not methodologically pure. This raises two problems. First, the grossing up of values obtained had to be done on the basis of data from other sources and it is not clear how nearly their definitions coincided with ours. Second, there is the problem of specifying significance or confidence limits to the results. In a two-stage sample, the first stage of which is stratified, the use of two-stages normally increases variance, while the stratification reduces it. How far these cancel out can only be judged in the analysis of results, the method being fairly complex. In the present instance the first stage was not stratified, but chosen so as to give a self-weighting sample. Stratification was within these first stage - area - units and it seems likely that, for most variables, within-area variances are far greater than between-area ones. In view of these complications, confidence limits were only estimated in a small number of cases. There remains, of course, the possibility of bias. It is not thought that this is likely to be a serious matter, although it must always remain a possibility where departures are made from strictly random selection. The final interviewing situation was:-

Hotels (including holiday flats)

	Interviews attempted	Successful
Main sample	275	239
Supplementary sample	147	123
	422	362

Camp sites, etc.

Main sample	43	39
Supplementary sample	61	54
	104	93

THE QUESTIONNAIRE

The questionnaire was pre-tested by members of the team and the final form is below. All questions were asked in the first sample, but in view of difficulties and the lapse of time only questions 1 - 40 were used in the second sample.

HOLIDAY ACCOMMODATION SURVEY

Questionnaire

1. Town ....
2. Serial No. ....
3. Name of Proprietor/ Manager, if known ....
   a. Who interviewed if different from above ....
4. Address ....

A. Type of Unit

5. Type of unit:
   + Hotel - 20 bedrooms or over ....
   + 10 - 19 bedrooms ....
   + under 10 bedrooms ....
   + Small hotel, Bed and breakfast, etc. ....
   * Chalet site ....
   * Static caravans ....
   * Mobile caravans ....
   * Tents ....
   * Holiday camp ....
   Holiday flats ....

If +

6. Offering full board ....
   Offering breakfast & evening meal ....
   Offering breakfast only ....

If *

7. With shop(s) Number ....
   Restaurant Yes/No
   Club Yes/No
   Swimming pool Yes/No
   Other ....
8. What period of the year are you open: Whole year
   From.............. To ....
9. Do you have winter residents?
   Students ....
   Others ....

B. Capital

10. Is the unit owned by:
    Proprietor ....
    Private company ....
    Manager - member ....
    non-member ....
    Public company ....

For chalets, caravans, holiday flats only (otherwise jump to 14)

12. Are some units privately owned by other than site operator? Chalets Yes/No
Caravans Yes/No

13. Are some facilities sub-let to other operators:

Shop ....
Restaurant ....
Club ....
Sale of caravans ....
Other ....

14. Have any Government grants been received towards:

Equipment ....
Building ....

C. Size and Growth

15. How many persons can be accommodated at peak? (including children, but not babies not needing beds) ....

16. Are there any "overflow" arrangements for "sleepers out"? Yes/No

If so, give brief details ....

17. When was hotel, etc. started (i.e. in present form) ? ....

18. Was it:
New construction
Conversion from private home
Extension of smaller unit
Conversion from different type
Conversion from agriculture
....

19. How many more can be accommodated than five years ago? (or at start if less than five years old) ....

20. Have facilities other than bedrooms been extended
Dining room Yes/No
Bar Yes/No
Lounge Yes/No
Car parks or garage Yes/No
Kitchen Yes/No
(On chalet etc. sites only) Roads Yes/No
Other ....

21. Are there any plans for future growth? Yes/No
If "Yes", state briefly ....

22. If "Yes" to 21, have you found any obstacle to this expansion:
Space
Money
Planning permission
Other ....

23. If "No" to 21, what is stopping you:

No wish to
No space
No money
Do not wish to employ more staff
Difficulty with planning permission
Other

....

For proprietor owned establishments

24. Have you considered moving to a larger establishment? Yes/No

D. Labour

25. Is there a working proprietor? (as opposed to employed manager) Yes/No

26. Other family workers:

	Winter	....
	Summer	....

27. How many employees(including paid manager) were there:

	31.XII.65	....
	31. V.66	....
	peak 66	....
	31.XII.66	....

If employing: (If not employing jump to 34)

28. How many seasonal workers came from:

	Locality	....
	Other U.K.	....
	Abroad	....

29. How is labour attracted:

	Volunteers sufficient	Yes/No
	Personal contact	Yes/No
	Employment exchange	Yes/No
	Press - local	Yes/No
	trade journals	Yes/No
	national	Yes/No
	Agency	Yes/No

30. Is there any difficulty in attracting particular types of worker? Yes/No

If "Yes", state types: ....

31. Has the number you employ been altered by recent tax changes:

Permanent workers	Increase/Decrease/No change
Seasonal workers	Increase/Decrease/No change

32. Will you be changing the number of employees for other reasons this year:

Permanent workers	Yes/No
Seasonal workers	Yes/No

33. Do you have trainees doing day release at a technical college? Yes/No

For working proprietors : (Jump to 38 if no working proprietor)

34. How long have you been in the hotel (chalet site etc.) business? .... years

35. Do any members of your family have other full-time occupations?
State relationship ....

36. Have you considered leaving the hotel, etc. business? Yes/No
(Brief details of why if offered) ....

37. Have you had difficulty in getting technical information, training, etc.? Yes/No
Give brief details ....

38. Do you take any "trade" magazines or papers? Yes/No

39. How do you find out about new developments in the trade? ....

E. Main sources of supply

40.

	Local Tradesmen	Local Wholesalers Cash & Carry	Local Wholesalers Other	National Wholesalers	Co-ops.
Milk					
Bread					
Meat					
Fish					
Vegetables					
Groceries					
Frozen foods					
Soft furnishings					
Other furnishings					

(Tick one or more - give rough percentages, if available, where more than one source is used).

Note: If catering is sub-let, try to get answers from lessees to this question

F. Amenities

41. Do you think visitors are satisfied with:

a. Beach facilities Yes/No
b. Evening entertainment Yes/No
c. Sports facilities Yes/No
d. Access to the countryside Yes/No

Other particular deficiencies if mentioned: ....

42. What else do you think the area should offer in order to attract visitors? ....

43. Do you think the present methods of advertising the area are sufficient? ....

44. What methods of advertisement do you use yourself:

Local guide
National press
Magazines
Other
....

G. Overseas Visitors

45. Do you get any overseas visitors?

None
Very few
Few
Many

46. (If any) are arrangements for them made through travel agents? Yes/No

47. Do you think overseas visitors require special accommodation facilities? Yes/No

48. If "Yes": What sort of facilities? ....

49. What sort of other facilities in the area would attract overseas visitors? ....

50. Do you think lack of these facilities is discouraging them from coming? Yes/No

51. Are there methods which should be used to attract overseas visitors? (i.e. advertisements, etc.) ....

H. Torrey Canyon

52. Have you had any cancellations that you think are due to the threat of oil on the beaches Yes/No

53. Do you think the oil from the Torrey Canyon will affect the number of visitors coming to your hotel,etc.? Yes/No

54. Do you think that there are other things which will affect the number of visitors this year?
....

BIBLIOGRAPHY

BRITISH TRAVEL ASSOCIATION	British National Travel Survey 1965	
	" " " " 1966	
	" " " " 1967	
BRITISH TRAVEL ASSOCIATION (Miles-Kelcey Ltd)	South West Tourist Study. A study of tourist and holiday facilities in South-West England.	1969
BRITISH TRAVEL ASSOCIATION	Plymouth Survey.	1963
BURTON, Thomas L.	Outdoor Recreation Enterprises in Problem Rural Areas.	1967
BURTON, T.L. and WIBBERLEY, G.P.	Outdoor Recreation in the British Countryside.	1965
CENTRE FOR INTER-HOTEL COMPARISON, UNIVERSITY OF SURREY	Report on the Inter-Hotel Comparison Survey, 1966.	
	" " " 1967.	
CORNWALL COUNTY COUNCIL	Annual Surveys of Caravans and Camping.	1954, 56, 58, etc.
CORNWALL COUNTY COUNCIL	County Development Plan First Review 1962.	
CORNWALL COUNTY COUNCIL	Holiday Industry.	1966
COSIRA (COUNCIL FOR SMALL INDUSTRIES IN RURAL AREAS)	Tourism Credit Services.	1968
COUNTRYSIDE COMMISSION	The Coasts of England and Wales: Measurements of Use, Protection and Development.	1968
DAVIES, E.T.	Tourism and the Cornish Farmer.	Exeter 1969
DEVON COUNTY COUNCIL	Dartmoor: Building in the National Park.	1955
DEVON COUNTY COUNCIL	Annual Surveys of caravans, chalets and tented camping.	1956, 1960 - 65.
DEVON COUNTY COUNCIL	A survey of holiday-makers hiring static caravans in Devon.	1958

DEVON COUNTY COUNCIL	*A survey of mobile caravanning and tented camping in Devon.*	1959
DEVON COUNTY COUNCIL	*A survey of the holiday industry in Devon.*	1960
DEVON COUNTY COUNCIL	*A social survey of holiday-makers in Devon.*	1960
DEVON COUNTY COUNCIL	*A survey of roadside parking, caravanning and camping.*	1960
DEVON COUNTY COUNCIL	*Development Plan (First Review).*	1964
DEVON COUNTY COUNCIL	*Annual Survey of Landscape and Amenity.*	1966 onwards
DEVON COUNTY COUNCIL	*Annual Survey of Holiday Development.*	1966 onwards
FARLEY, Ray	"The British Seaside Resort - Can it Survive". *Hotel and Catering Review, July and August, 1967.*	
HOME OFFICE	*The Torrey Canyon.* Cmnd 3246	1967
HOTEL AND CATERING E.D.C.	*Your Manpower.*	1967
HOTEL AND CATERING E.D.C.	*Your Market.*	
HOTEL AND CATERING E.D.C.	*Visitors to Britain.*	1967
HOTEL AND CATERING E.D.C.	*More Hotels?*	1967
HOTEL AND CATERING E.D.C.	*Investment in Hotels and Catering.*	1968
HOTEL AND CATERING E.D.C.	*Staff Turnover.*	1969
HOUSING, MINISTRY of	*Coastal Preservation and Development.* Circular No. 56/63.	1963
HOUSING & LOCAL GOVERNMENT, MINISTRY of	*Report of the Working Party to investigate the working of the Rate Deficiency Grants in England and Wales.*	1962
INSTITUTE OF LANDSCAPE ARCHITECTS	*Recreation, planning of holiday areas, camping and caravan sites.*	1963
KEELE, UNIVERSITY of	*Pilot National Recreation Survey, Report No. 1.*	1967

KEMSLEY, W.F.F.	Expenditure on Accommodation while away from home - 1964.	Social Survey, 1965
LEWES, F.M.M., Anthony CULYER and Gillian A. BRADY	Holiday Transport in Devon and Cornwall.	Exeter, 1967.
LICKORISH, L.J.	"Trends in Tourism and Holiday-taking". National Provincial Bank Review.	1961
LICKORISH, L.J., and A.G. KERSHAW	The Travel Trade.	1958
NATIONAL PARKS COMMISSION	The Coasts of South West England.	1967
NATIONAL OPINION POLLS MARKET RESEARCH LIMITED	A Survey of the Holiday Market in the Westward Television Area.	1968
NATURE CONSERVANCY	The Countryside in 1970.	1963
PEPPIATT, W.D.	"Pricing of Sea-side Facilities". Essay in Essays in the Theory and Practice of Pricing. Institute of Economic Affairs.	1967
REVIEW PRESS LIMITED	The Plain Guide to Licensing Law.	1967
ROYAL INSTITUTE OF BRITISH ARCHITECTS	Conference on the future development of holiday resorts.	1962
SOCIAL SURVEY	Motives in the timing of holidays.	1961
SOUTH WEST ECONOMIC PLANNING COUNCIL	A Region with a Future A Draft Strategy for the South West.	1967
SOUTH WESTERN SPORTS COUNCIL	The Use of Coastal Waters for Recreation.	1967
TRADE, BOARD of	Staggered Holidays - Cmnd 2105	1963
TRADE, BOARD of	Hotel Development Incentives Cmnd 3633	1968
TURNBULL, P	Planning for the Holiday-maker.	1962

Printed in England for Her Majesty's Stationery Office

by Reprographic Division, H.M.S.O., Manchester.

D/d 501377 K24 4/70
RM 29397/1/501377 K24 4/70 L

CONTENTS

The structure of the labour force in the holiday industry is examined in detail. In particular holiday trades have a relatively high proportion of female employees and a high level of self-employment. Holiday areas have a high rate of employment growth and have increasingly specialised in the provision of holiday services. Both holiday trades and holiday areas have relatively large seasonal swings in unemployment, though the holiday industry is not necessarily responsible for a generally high level of unemployment. The labour force in accommodation has a number of special features.

The major structural characteristic of accommodation is the small size of most establishments and the concentration of ownership by resident proprietors. Recent expansion has taken place chiefly by conversion and extension rather than by new building and this pattern is expected to continue in view of the present conditions affecting investment. The alleviation of the burden of S.E.T. on the holiday industry would not only improve investment opportunities but also encourage the provision of higher quality accommodation.

This chapter explores in greater detail, some of the characteristics of the accommodation side of the industry which have been mentioned in previous chapters. The larger establishments have (a) a longer season, (b) more formal staff training and (c) are less reliant upon local retailers for their provisions.

Paucity of amusement facilities is a common complaint. In this chapter the extent of facilities is examined and the problems which are involved in planning for expansion.

MAPS

DIAGRAMS

SUMMARY

This summary is mainly limited to the points which seem to us to be those of which account should be taken in determining future policy. The question of policy was not included in our terms of reference. Its determination implies the laying down of ends to be pursued. While our study reveals certain disadvantages of the holiday industry as an economic activity, we feel that the main objectives of future policy, for instance the size and nature of the industry, are matters to be decided by the people of the area, the industry itself and its customers. We have therefore avoided implying particular policies both here and in the main report.

Resort areas

Paragraphs	
30 - 32 76 - 77	The holiday industry is highly concentrated in particular areas within the two counties. This concentration is growing. As a corollary, resort areas have recently become even more specialised.
33 - 37	County planning policies may have economic side effects but should be accepted on amenity grounds, even if they will not necessarily succeed in dispersing the industry.
50 - 52	Holiday towns are usually retirement towns and the needs of the retired must be taken into account.
40 - 49 73 - 75	Holiday areas have been the main growth points in Devon and Cornwall and have attracted inward migration of mature workers as well as the retired.
53 - 57	Holidays and retirement are associated with good housing characteristics.
209 - 215	Amusement facilities in the two counties are concentrated in the holiday areas, but are relatively meagre.
347 - 357	Specialisation by resorts is probably more feasible than area specialisation.

Employment

66 - 72 94 - 105	The holiday industry provides a significant part of employment in Devon and Cornwall and this employment is growing more rapidly than the average for the area.

83 - 85	The holiday industry is not more sensitive than the average to changes in general economic activity.
78 - 82	High growth rates in manufacturing industry are associated with lower growth rates for the holiday industry only in semi-holiday areas.
120 - 122	Future changes in employment will depend largely upon the type of accommodation offered.
127 - 129	The majority of seasonal workers are local, although the proportion varies with the type of accommodation.
270 - 296	Most industries in the area outside the holiday industry manage to deal with seasonal pressures without great difficulty and to maintain a relatively stable labour force.
301 - 308	Holiday expenditure offers an above average "multiplier" effect.

Unemployment

106 - 115 130 150 - 156	It is unlikely that the holiday industry gives rise to a generally high level of unemployment, but it is associated with high seasonal swings, despite the fact that only a small proportion of seasonal workers register as unemployed in winter.
126 309 - 311 387	Further growth in the industry may increase the amplitude of seasonal swings in unemployment, particularly if it takes the form of high quality hotels.

Self-employment and small units

83 - 93 123 - 125 136 - 137 148 - 149 187 - 188 386	Self-employment within small units is a marked characteristic of the holiday industry. There are a number of reasons why this should be the case, amongst others, that such establishments cope well with seasonal problems. This characteristic of the industry seems likely to continue.
154 - 155	Resident proprietors are not less ambitious than companies.
195 - 197	Training facilities for small establishments are lacking and those that exist are little used.

Local authorities

231 - 238 Local authorities in resort areas spend more per head of resident population than in other areas on a wide variety of services.

239 Local authorities in resort areas do relatively poorly from support grants.

244 - 255 Beaches are only profitable in urban areas and then not always.

256 - 257 Facilities other than those at beaches which local authorities run for holiday-makers, usually need subsidy.

258 - 265 Local authorities in resort areas expend considerable effort and money on a large range of publicity and information services. They have acquired much experience although standards vary and there is some lack of co-ordination.

266 - 268 Recreational harbour facilities are seldom profitable unless combined with other sources of income. Much of recreational use is local.

Transport

323 - 325
329 - 337
338 - 342
344 - 346 Extra transport provision implies expenditure on roads, not on other forms of transport.

326 - 328
405 - 408 Better roads into the area will increase the need for internal circulation roads and parking provision. They will stimulate the industry and may have effects on its location, although these are difficult to forecast.

Changes in the industry

141 - 145
151 - 153
184 - 185
371 - 375
376 - 382
402 - 403 Recent changes in accommodation have been concentrated on extending and improving the quality of camp sites and improving quality but not extending hotels. Future changes seem likely to be of the same nature, because differences in rates of return to capital, labour problems and demand by holiday-makers all point in this direction.

165 - 185 The imposition of S.E.T. affects most the profitability of high class hotel accommodation and least that of chalet sites and small proprietor-owned hotels.

389 - 397 There are possible measures which might improve occupancy over the season, but the main seasonal effect is likely to stay and may even be amplified by accommodation changes.

FOREWORD

Research into the economics of the holiday industry in Devon and Cornwall was commissioned by the former Department of Economic Affairs on behalf of the South West Economic Planning Council from Exeter University to fill in some of the gaps in our knowledge of the holiday industry in the Region. When we published our first report "A Region with a Future: A Draft Strategy for the South West" in July 1967 we emphasised that, on the information available to us at that time, we were only able to put forward preliminary comments about the holiday industry which is an important sector of the economy of the region particularly in Devon and Cornwall, and we referred to some of the studies of the industry which were in hand and would provide the basis for decisions about future policy towards tourism and the holiday trades.

This report of that research is to be welcomed, therefore, as making a major contribution to our knowledge of the holiday industry in Devon and Cornwall: it is being published in order that the information it contains should reach a wide audience and provide the basis for informed discussion. It does not necessarily represent the views and opinions of the Government or of the Council who at the time that it goes to press have not had an opportunity to study the report in the depth which it deserves.

There are, of course, gaps in the report. It does not deal with questions of policy which would be inappropriate to a research project of this kind and were not included in the terms of reference. Nor, for the reasons set out in the preface, did the research team feel able to tackle the second part of their terms of reference, namely to estimate future holiday expenditure in Devon and Cornwall and the resulting economic effects, though a good deal of material relevant to this question is in fact included.

Since they published their first report the Council have made considerable study of the problems and potential of the Region's holiday industry. At the same time the Government have carried out a review of their policy for tourism nationally which has resulted in the Development of Tourism Act. The Council have welcomed the Government's decision to set up statutory tourist boards to co-ordinate and develop tourism at the national and country levels. But they are convinced of the need for a single, strong regional tourist organisation in the South West and they will be pursuing their ideas with the new English Tourist Board and with the local authorities and tourist interests in the region.

It is not for the Council to draw up a detailed prescription for a tourist policy for the South West. This must be primarily a matter for those engaged in the industry and the local authorities. But it is our task as part of our work of developing a general economic strategy for the South West, to try to judge the scope for and the implications of the future development of the regional tourist sector and this report provides some of the information which is essential to our task.

A. N. IRENS
Chairman
South West Economic Planning Council

The Pithay
BRISTOL
BS1 2NG

February 1970

MINISTRY OF HOUSING AND LOCAL GOVERNMENT

The Holiday Industry of Devon and Cornwall

This Report has been prepared by the undermentioned at the University of Exeter on behalf of the former Department of Economic Affairs and the South West Economic Planning Council

Mr F. M. M. Lewes
Project Director

Mr A. J. Culyer

Miss G. A. Brady

LONDON

HER MAJESTY'S STATIONERY OFFICE

1970

SBN 11 750089 5